

# **HARYANA VIDHAN SABHA**

**COMMITTEE ON PUBLIC ACCOUNTS**

**(2023-2024)**

**90<sup>th</sup> (NINETIETH) REPORT**

**ON**

**the Report of the  
Comptroller and Auditor General of India**

**ON**

**Revenue Sector  
for the year ended 31<sup>st</sup> March, 2021**



**(Presented to the House on 28<sup>th</sup> February, 2024)**

**HARYANA VIDHAN SABHA SECRETARIAT,  
CHANDIGARH**

**2024**

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**COMPOSITION OF THE COMMITTEE ON PUBLIC ACCOUNTS**

<b>1.</b>	<b>Shri Varun Chaudhary, MLA</b>	<b>Chairperson</b>
2.	Smt. Seema Tirkha, MLA	Member
3.	Shri Ram Kumar Kashyap, MLA	Member
4.	Shri Narender Gupta, MLA	Member
5.	Shri Bhavya Bishnoi, MLA	Member
6.	Shri Amit Sihag, MLA	Member
7.	Shri Surinder Panwar, MLA	Member
8.	Shri Jogi Ram Sihag, MLA	Member
9.	Shri Randhir Singh Gollen, MLA	Member

**SECRETARIAT**

1. Shri R.K. Nandal, Secretary
  2. Dr. Purushottam Dutt, Additional Secretary
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## INTRODUCTION

1. I, Chairperson of the Committee on Public Accounts, having been authorized by the Committee in this behalf, present this 90<sup>th</sup> Report on Report of the Comptroller and Auditor General of India on Revenue Sector for the year ended 31<sup>st</sup> March, 2021.
2. The Report of the Comptroller and Auditor General of India on Revenue Sector for the year ended 31<sup>st</sup> March, 2021 was laid on the Table of the House on 08<sup>th</sup> August, 2022.
3. The Committee examined the Report of the Comptroller and Auditor General of India on Revenue Sector for the year ended 31<sup>st</sup> March, 2021 and also conducted the oral examination of the representatives of the concerned departments.
4. The Committee considered and approved this Report in its sitting held on 13<sup>th</sup> February, 2024.
5. A brief record of the proceedings of the meetings of the Committee has been kept in the Haryana Vidhan Sabha Secretariat.
6. I, as Chairperson of the Committee, place on record the appreciation and express my gratitude to Hon'ble Speaker, Haryana Vidhan Sabha for extending valuable guidance and important suggestions to Committee for under taking its business during 2023-24.
7. I, as Chairperson of the Committee, place on record appreciation for all the Members of the Committee for their whole-hearted cooperation and valuable suggestions for consideration and examination of Action Taken Notes (ATNs) and Action Taken Reports (ATRs) on CAG's Reports and recommendations of the Committee.
8. The Committee places on record its appreciation for the assistance rendered to it by the Principal Accountant General (Audit), Haryana and his officers. The Committee would like to express its thanks to the Additional Chief Secretary to Government Haryana, Finance Department and other officers of Finance Department and the representatives of the various departments who appeared for oral evidence before it.
9. The Committee is also thankful to the Secretary, Additional Secretary and officer/officials of the Haryana Vidhan Sabha Secretariat for the whole-hearted co-operation and assistance extended by them to the Committee.

CHANDIGARH  
THE 13<sup>th</sup> February, 2024

**VARUN CHAUDHARY**  
CHAIRPERSON



## **SCOPE AND FUNCTIONS OF THE COMMITTEE ON PUBLIC ACCOUNTS**

The Committee on Public Accounts of State Legislative Assembly has very important role to play in the State to ensure good governance, transparency and accountability through its recommendations and ways and means it would evolve to improve upon systems and procedures. Thus, the Committee on Public Accounts is an important monitoring/oversight Committee of the State Legislature. The scope and functions of the Committee on Public Accounts have been enumerated in Rule 231 and 232 of the Rules of Procedure and Conduct of Business in the Haryana Legislative Assembly.

### **Committee on Public Accounts**

#### **'Rule 231.**

1. As soon as may be after commencement of the first session of the Assembly, a Committee on Public Accounts shall subject to the provisions of this rule be constituted.
2. The function of the Committee shall be to examine the accounts showing the appropriation of the sums granted by the Assembly to meet the expenditure of the Government of Haryana and such other accounts laid before the Assembly as the Committee may think fit.
3. The Committee on Public Accounts shall consist of not more than nine members who shall be elected by the Assembly from amongst its members according to the principle of proportional representation by means of single transferable vote.
4. The term of office of members of the Committee shall be one year.
5. Casual vacancies in the Committee shall be filled, as soon as possible after they occur, by election in the manner aforesaid and any person elected to fill such vacancy shall hold office for the period for which the person in whose place he is elected would under the provisions of this rule, have held office.
6. In order to constitute a meeting of the Committee the quorum shall be three.
7.
  - a. The Chairperson of the Committee shall be appointed by the Speaker from amongst the members of the Committee:  
Provided that if the Deputy Speaker is a member of the Committee, he shall be appointed Chairperson of the Committee:  
Provided, however, that if the Chairperson of the Committee during the preceding financial year has served as a chairperson for less than two years and he is elected a member of the Committee, the Speaker may notwithstanding the first proviso or the proviso to Rule 206 (1) appoints him as the Chairperson of the Committee.
  - b. If the Chairperson is for any reason unable to act, the Speaker may similarly appoint another Chairperson in his place.
  - c. If the Chairperson is absent from any meeting of the Committee, the Committee shall choose another member to act as Chairperson for that meeting.
8. In the case of equality of votes on any matter the Chairperson shall have a second or a casting vote.

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9. The Committee may appoint one more sub-committee, each having the powers of the undivided Committee, to examine any matters that may be referred to them, and the reports of such sub-committees shall be deemed to be the reports of the whole Committee if they are approved at a meeting of the whole Committee.
10. The Committee may, if it thinks fit, make available to Government any completed part of its report before presentation to the House. Such reports shall be treated as confidential until presented to the House.
11. The Committee may, hear officials or take evidence connected with the accounts under examination. It shall be in the discretion of the Committee to treat any evidence tendered before it as secret or confidential.
12.
  - a. The Speaker, may from time to time, issue such directions to the Chairperson of the Committee as he may consider necessary for regulating the procedure and the organization of its work.
  - b. If any doubt arises on any point of procedure or otherwise the Chairperson may, if he thinks fit, refer the point to the Speaker whose decision shall be final.
13. The Committee shall have power to pass resolutions on matters of procedure for the consideration of the Speaker, who may make such variations in procedure as he may consider necessary.
14. The Committee may, with the approval of the Speaker, make detailed rules of procedure to supplement the provisions contained in these Rules.'

#### **Functions of Committee on Public Accounts**

##### **'Rule 232.**

1. In scrutinising the Appropriation Accounts of the Government of Haryana and the Report of the Comptroller and Auditor-General thereon it shall be the duty of the Committee on Public Accounts to satisfy itself-
  - a. that the money shown in the accounts as having been disbursed were legally available for and applicable to the service or purpose to which they have been applied or charged;
  - b. that the expenditure conforms to the authority which governs it; and
  - c. that every re-appropriation has been made in accordance with provisions made in this behalf under the rules framed by competent authority:

Provided that the provision made in clause (c) above shall not apply to any accounts prior to the year 1950-51.
2. It shall also be a duty of the Committee -
  - a. to examine such trading, manufacturing and profit and loss accounts and balance-sheets as the Governor may have required to be prepared, and the Comptroller and Auditor General's report thereon;
  - b. to consider the report of the Comptroller and Auditor-General in cases where the Governor may have required him to conduct and audit of any receipts or to examine the accounts of stores and stock.





**REPORT**  
**GENERAL**

The Committee for the financial year 2023-2024 was nominated on 26<sup>th</sup> April, 2023 by the Hon'ble Speaker in pursuance of a motion moved and passed by the Haryana Vidhan Sabha in its sitting held on 22<sup>nd</sup> February, 2023, authorizing him to nominate the Chairperson/Members of the Committee on Public Accounts for the financial year 2023-2024.

2. The Committee held total 62 meetings during the year at Chandigarh and other places upto 13<sup>th</sup> February, 2024 till the finalization of the Report.



**Report of the Comptroller and Auditor  
General of India on Revenue Sector for the  
year ended 31<sup>st</sup> March, 2021**



## Excise and Taxation Department

### [1] 1.5 Refund cases:

The number of refund cases pending at the beginning of the year 2020-21, claims received during the year, refunds allowed during the year and the cases pending at the close of the year 2020-21 are mentioned in the Table 1.5:-

**Table 1.5: Details of Refund Cases**

Sr. No.	Particulars	Sale Tax/VAT		State Excise	
		Number of cases	Amount (Rs. in crore)	Number of cases	Amount (Rs. in crore)
1.	Claims outstanding at the beginning of the year	521	187.08	51	1.98
2.	Claims received during the year	1,074	192.99	99	10.63
3.	Refunds made/adjusted/rejected during the year	1,115	260.72	111	10.38
4.	Balance outstanding at the end of year	480	119.35	39	2.23

(Source: Departmental figures)

The number of outstanding cases at the end of year has decreased in respect of Sales Tax/VAT and State Excise compared to cases outstanding at the beginning of the year.

**Refund processed manually for FY 2020-21**

Sr. No.	Particulars	GST (Rs. in crore)			
		Cases	SGST	CGST	IGST
1.	Balance outstanding at the beginning of the year	226	34.5	42.94	171.25
2.	Claims received during the year	0	0	0	0
3.	Refund allowed/rejected manually during the year	226	34.5	42.94	171.25
4.	Balance outstanding at the end of the year	0	0	0	0

**Table 1.5.1: Details of Refund cases under GST as provided by the Excise and Taxation Department**

Sr. No.	Particulars	GST (Rs. in crore)				
		Cases	SGST	CGST	IGST	Cess
1.	Claims outstanding at the beginning	1,404	71.95	68.11	263.60	0.91
2.	Claims received during the year	12,038	795.87	721.99	2,162.47	7.72
3.	Refund sanctioned manually during the year	7,963	534.29	495.20	1,208.02	3.02
4.	Refund rejected manually during the year	5,627	227.94	194.69	857.52	4.71
5.	Balance outstanding at the end of the year	148	105.59	100.21	360.53	0.90

**The department in its written reply stated that as under: -**

**SALES TAX:-**

It is submitted that the refund of input tax under section 20 of the VAT Act, accrues on account of the following cases only: -

1. In respect of input tax relating to the goods which have been sold in the course of export of goods out of the territory of India or have been used in manufacture and the manufactured goods have been sold in the course of export of goods out of the territory of India, in full; and
2. In respect of input tax relating to the goods which have been sold in the State or in the course of inter-State trade or commerce or have been used in manufacture and the manufactured goods have been sold in the State or in the course of inter-State trade or commerce, only to the extent of such input tax exceeding the tax including the central sales tax calculated on sale of goods on account of difference in rate of tax between the input tax and the tax calculated on sales.

The refund of any amount due to a dealer is to be refunded to him within 60 days from the date of order of approval of refund by the prescribed authority and any amount refunded to him beyond the said date shall carry an interest of 1% per month from the period of date of approval of the refund by the prescribed authority to the date when refund is made.

The detail of refund cases for the year 2020-21 to 2022-23 is tabulated below:-

**VAT /SALES TAX**

**Table regarding details of Refund Cases for the year 2019-20 to 2022-23**

**(Amount in Cr.)**

Sr. No.	Year	Claim outstanding at the beginning of the year		Claim received during the year		Refund made during the year		Refund rejected during the year		Balance outstanding at the end of year	
		Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
1	2020-21	521	187.07	1074	192.99	959	194.24	156	66.48	480	119.34
2	2021-22	480	119.34	707	173.49	615	72.68	134	79.79	438	140.37
3	2022-23	438	140.37	393	199.52	413	108.37	201	44.44	217	187.08

**EXCISE:-**

**(Amount in Cr.)**

Sr. No.	Year	Claim outstanding at the beginning of the year		Claim received during the year		Refund made during the year		Refund rejected during the year		Balance outstanding at the end of year	
		Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount	Number of cases	Amount
1	2020-21	51	1.98	99	10.63	107	10.34	4	0.04	39	2.23
2	2021-22	39	2.23	82	6.19	75	5.48	13	0.72	33	2.21
3	2022-23	33	2.21	122	15.02	116	13.71	2	0.10	37	3.42

It is however reiterated that refund cases is a continuous process of the Department during the year. However, the Department undertakes to dispose all the refund cases within the stipulated period under the Act which are detected in each consequent year.

In the light of the above submission, it is requested that the para may be dropped.

**GST:-**

**Audit Objection:-**

**Refund Cases:**

**Refund Processed manually for FY 2020-21.**

Sr. No.	Particulars	GST (Rs. In crore)			
		Cases	SGST	CGST	IGST
1	Balance outstanding at the beginning of the year	226	34.5	42.94	171.25
2	Claims received during the year	0	0	0	0
3	Refund Allowed/Rejected manually during the year	226	34.5	42.94	171.25
4	Balance outstanding at the end of the year	0	0	0	0

**Table 1.5.1**

**Details of Refund cases under GST as provided by the  
Excise & Taxation Department.**

Sr. No.	Particulars	GST				
		Cases	SGST	CGST	IGST	CESS
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5	Balance outstanding at the end of the year	148	105.59	100.21	360.53	0.90

**Reply of Para**

As per BO-Web portal, no refund pertaining to State GST is pending prior to the period of October-2023. Hence all the pending refund as mentioned in the Audit Report has been disposed off by the concerned proper officers.

Hence it is requested that the para may be settled.

After hearing the departmental representatives, the Committee has desired that outstanding refund cases be settled in a time bound manner and updated reply in this regard be submitted at the earliest for further consideration of the Committee.

**[2] 2.2 Results of Audit:**

In 2020-21, test check of the records of 11 (Revenue: 08 + Expenditure: 03) units (11,760 assessment cases were audited out of total 57,659 assessment cases) out of 45 units relating to GST/VAT/Sales tax assessments and other records revealed under assessment/evasion of tax and other irregularities involving ₹ 524.18 crore in 436 cases (1.92 per cent of the receipt of ₹ 27,270.76 crore for the year 2019-20) under the following categories as depicted in the Table 2.1.

**Table 2.1- Result of Audit**

<b>Revenue</b>			
<b>Sr. No.</b>	<b>Categories</b>	<b>Number of cases</b>	<b>Amount (Rs in crore)</b>
1.	Subject Specific Compliance Audit on GST Refunds	01	3.98
2.	Subject Specific Compliance Audit on Transitional Credit	01	382.94
3.	Under assessment of Tax	158	42.78
4.	Acceptance of defective statutory 'Forms'	34	15.31
5.	Evasion of taxes due to suppression of sales/purchases	22	10.10
6.	Irregular/Incorrect/Excess allowance of ITC	137	41.05
7.	Other irregularities	67	22.75
	<b>Total (I)</b>	<b>420</b>	<b>518.91</b>
<b>Expenditure</b>			
1.	Other irregularities	16	5.27
	<b>Total (II)</b>	<b>16</b>	<b>5.27</b>
	<b>Grand Total (I+II)</b>	<b>436</b>	<b>254.18</b>

Source: Data maintained by office

The Department accepted under assessment and other deficiencies of ₹ 7.41 crore involved in 33 cases which were pointed out during the year. The Department recovered ₹ 33.98 lakh in 23 cases out of which ₹ 0.03 lakh recovered in one case pertained to this year and the rest to earlier years.

Significant cases involving ₹ 476.70 crore are discussed in the following paragraphs. An amount of ₹ 1.34 crore was recovered in two cases of one paragraph.

**The department in its written reply stated that as under: -**

The reply to the sub-paras mentioned from Sr. No 1 to 7 involving amount of Rs. 518.91 Crore in 420 cases have been given separately in succeeding paragraphs.

**The Committee has desired that sincere and pragmatic steps be taken to effect the recovery under intimation of the Committee till then this para is kept pending.**



**[3] 2.3 Evasion of tax due to suppression of sales:**

**The Assessing Authorities did not verify/cross verify sale/purchase, which resulted in evasion of tax of ₹ 1.52 crore. In addition, penalty of ₹ 4.56 crore was also leviable.**

Under Section 38 of Haryana Value Added Tax Act (HVAT Act), 2003 if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales, purchases, imports into State, exports out of State, or stocks of goods, or has concealed any particulars in respect thereof or has furnished to or produced before any authority under this Act or the rules made thereunder any account, return, document or information which is false or incorrect in any material particular, such authority may, after affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided, had such account, return, document or information, as the case may be, been accepted as true and correct.

Scrutiny of the records of 8,908 cases out of 33,157 involving five assessing authorities (between August 2019 and January 2020) revealed that five dealers in five cases in the offices of Deputy Excise and Taxation Commissioner (Sales Tax) {DETC (ST)} Faridabad (West) and Gurugram (North) had not shown correct sales in their quarterly/annual returns for the assessment year 2015-16. While three cases were of incorrect sales figures, two out of these five cases had opening and closing stock mismatch leading to suppression of sales. The Assessing Authorities (AAs) while finalising the assessment (between January 2019 and March 2019) did not verify the details of sales, with reference to records of the purchaser and with reference to opening and closing stock. The effect of such action resulted in suppression of sales of ₹ 29.96 crore, out of total sales worth ₹ 228.49 crore. This resulted in evasion of tax of ₹ 1.52 crore. In addition, penalty of ₹ 4.56 crore was also leviable.

On this being pointed out, AA Faridabad (W) intimated (February 2022) that two cases had been sent to DETC (I) for *suo moto* action and in another case,

notice for reassessment had been issued to the dealer. AA Gurugram (North) intimated (February 2022) that two cases were under examination and notice for reassessment proceedings had been initiated against the dealers.

During exit conference held in March 2022, the Department admitted the audit observations.

Department may ensure putting in place systems and procedures to cross- verify the claim of the dealer before allowing the same.

**The department in its written reply stated that as under: -**

**TOTAL DEALER = 5**

**1. M/s Daksh Chemical Entt. Gurugram (North) TIN 6221933529, A.Y. 2015-16:**

**Audit Objection**

As per Provisions of Section 38 of HVAT Act, 2003 if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales purchases imports into state, exports out of state or stocks of goods or has concealed

any particulars in respect thereof or has finished to or produced before any authority under this act or the rules made there under any account, return documents or information which is false or incorrect in any material particular, such authority may after affording such dealer is a reasonable opportunity of being heard, direct him to pay; by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account return documents as the case may be accepted as true and correct.

The dealer is a trader. During cross verification with the LP-7 and VAT R-1 Scrutiny details report of M/s Maa Sheetla Industries, Tin 06871944569, it was observed that M/s Maa Sheetla Industries, TIN 06871944569 had purchased goods worth Rs.25,46,521/- from the dealer and claimed ITC of Rs.3,34,230/- but the dealer did not file any return. It shows that the dealer had suppressed the sale worth of Rs.25,46,521/-. Hence, this resulted in under assessment of tax Rs. 13,36,920/- (Tax of Rs.334230/- and penalty under section 38 of HVAT Act, 2003 of Rs. 334230X3 =1002690/-).

The matter is brought to AA for taking suitable action as per Law of HVAT Act, 2003. Reply was not received.

#### **Reply of Para:**

In reply of the Audit Para, It is submitted that M/s Daksh Chemicals Entt. Gurugram (TIN-06221933529) was engaged into the business of Whole Sale Trading of Chemicals at Gurugram. The original assessment in this case was framed by the then Assessing Authority U/s 15(1) of the HVAT Act, 2003 and created additional demand of Rs. NIL.

The firm has not migrated into GST regime and is closed now.

The audit has pointed out that the dealer had suppressed the sale worth Rs. 2546521/- and this resulted in under assessment of tax of Rs. 1336920/- (Tax of Rs. 334230 & Penalty of Rs. 1002690/- under Section 38 of the HVAT Act).

#### **The Para is admitted.**

In reply to Audit para, it is submitted that the Re-assessment Notice u/s 17 of HVAT Act, 2003 and U/s 38 of HVAT Act, 2003 was issued to the dealer. The re-assessment proceedings were finalized vide order dated 23-06-2023 and created additional demand of Rs.1858270/- {Tax-367654/- + Interest- 367654/- + Penalty U/s 38 of Rs. 1102962/- + Penalty u/s 37A (R-1 & R-2) of Rs.20000/-}. The notice of demand was issued on the same day.i.e on 23.06.2023. The recovery notice was issued on 27.07.2023.

## **2. M/s Guruji Distributor, Gurugram (North), TIN 06691951397, A.Y. 2015-16:**

### **Audit Objection**

As per section 38 of HVAT Act if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales purchases imports into state, exports out of state or stocks of goods or has concealed any particulars in respect thereof or has finished to or produced before any authority under this act or the rules made there under any account, return documents or information which is false or incorrect in any material particular, such authority may after affording such dealer is a

reasonable opportunity of being heard, direct him to pay; by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account return documents as the case may be accepted as true and correct.

The dealer is a trader. During cross verification with the LP-7 and mismatch scrutiny details report of M/s Aar Kay Welding Solutions Tin06271947906 it was observed that M/s Aar Kay Welding Solutions Tin 06271947906 had purchased goods worth Rs.4949535/- from the dealer and claimed ITC of Rs.259850/- but the dealer did not file any return. It shows that the dealer had suppressed the sale worth of Rs.4949535/-. Hence, this resulted in under assessment of tax Rs.1039400/-(Tax of Rs. 259850/- and penalty under section 38 of HVAT Act, 2003 of Rs.259850X3=779550/-).

The matter is brought to AA for taking suitable action.

### Reply of Para

The facts of the case are that M/s Guruji Distributor, Gurgaon holding TIN 06691951397 was engaged in the business of trading of electrical, electronic goods, garments and toys etc. The original assessment in the case was framed by the then Assessing Authority vide D.No.271 dated 25/10/2017 and created an additional demand of Rs. Nil under HVAT Act and CST Act. 2003.

Particular	VAT	CST
Tax	Nil	Nil
Interest	Nil	Nil
Penalty	Nil	Nil

The dealer is migrated to GST Regime having GSTIN 06BAZPT7883A1ZX but cancelled wef 21.08.2020.

The audit para is admitted.

The audit has pointed out that as per LP-7 and mismatch scrutiny details report of M/s Aar Kay Welding Solutions Tin 06271947906 had purchased goods worth Rs.4949535/- from M/s Guruji Distributor, Gurgaon and claimed ITC of Rs.259850/-. Hence the dealer has suppressed sale of Rs.4949535/- and resulted in under assessment.

In reply to audit objection it is intimated that the notice in form VAT N-2 and VAT N-3 issued to the dealer along with re-assessment notice U/s 17 of HVAT Act 2003 for 28.02.2022. Reminder of re-assessment notice issued again on 20.10.2022 for 03.11.2022. The proposal Notice for re-assessment has been given to the dealer on 20.04.2023 for 05.05.2023 and reminder as proposal notice dt.16.05.2023 for 15.06.2023 but none appeared consequently case decided ex-parte on 04.07.2023 creating demand of Rs.1039400/- (Rs.259850/- Tax + Rs.779550/- as penalty). The notice of the demand was issued on 04.07.2023.

### 3. M/s Sanjay Traders, Faridabad (West), TIN 6531339573, A.Y. 2015-16

#### Audit Objection

As per provisions of Section 38 of HVAT Act 2003, if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales,

purchases, imports into State, exports out of State, or stocks of goods, or has concealed any particulars in respect thereof or has furnished to or produced before any authority under the Act or the rules made thereunder any account, return, document or information which is false or incorrect in any material particular, such authority may, after affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account, return, document or information, as the case may be, been accepted as true and correct.

The dealer is a trader. The case was decided U/s 15(5) of Haryana Value Added Tax Act, 2003 with 58547950 GTO. On the basis of cross verification of sales/purchase from official web portal of Haryana VAT department, it has come to the notice of audit that M/s Shree PK Traders of Karnal dealer had shown purchases Rs. 87707411/- from this dealer but this dealer has not shown any sale to the purchasing dealer hence the dealer has suppressed his sale.

Name of the purchasing dealer	1st qtr	2 <sup>nd</sup> qtr	3 <sup>rd</sup> qtr	4 <sup>th</sup> qtr	Total Sale	Tax effect @5%
Shree PK Tradres 06682239893	39759695	47947716	0	0	87707411	4385371
				<b>Total</b>	<b>87707411</b>	<b>4385371</b>

This suppression of sales has resulted in under assessment of tax of Rs. 4385371/- as well as three-time penalty of Rs. 13156113/- (Rs. 4385371x3). Similar cases may also be examined in detail under intimation to Audit.

#### **Audit Reply**

The present Audit objection is admitted, it is informed that the firm is closed and not migrated to GST. The case has been Reassessed exparte on merits vide D.No. 13A dated 10.03.2022 A.Y. 2015-16 by the Assessing Authority in which an additional demand of Rs. 17543484/- under the VAT Act 2003 was created. Copy of Reassessment Order along with notice of demand N4 were issue to the dealer. The same could not be serve due to closure of business by the firm. Hence, the said documents were served through substitute service by way of pasting/Chaspa on the last known business premises of dealer. Thereafter, many recovery notice were issued to the dealer from time to time for making the payment of outstanding arrear. All the recovery notice were substitute service by way of pasting/chaspa at the last address of dealer. Therefore, the recovery proceeding has been initiated on 22.08.2022 under Punjab land Revenue Act 1887 against the dealer for recovery of arrear. Further, it is submitted that a letter send to tehsildar, ballabgarh, Faridabad vide letter no 1691 dated 23.06.2023, to Estate Officer, HSVP, Sector 12, Faridabad vide 1693 dated 23.06.2023 and to HSIIDC, IMT, Faridabad vide letter no 1692 dated 23.06.2023 regarding proof of ownership for address mentioned in registration certificate i.e shop no-1D Sec-24. Since no reply has been received from the above authorities. A reminder was issued to

tehisaldar, ballabgarh, Faridabad vide letter no 2456 dated 18.08.2023, to estate officer, HSVP, Sector 12, Faridabad vide 2458 and HSIIDC, IMT, Faridabad vide letter no 2457 dated 18.08.2023 regarding proof of ownership for address mentioned in registration certificate i.e. shop no 1D-Sec 24, Faridabad.

**4. M/s Vasudev Supplier Pvt. Ltd., Faridabad (South), TIN 06891227146, A.Y. 2015-16**

**Audit Objection**

As per the provisions of Section 38 of HVAT Act 2003, if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales, purchases, imports into State, exports out of State, or stocks of goods, or has concealed any particulars in respect thereof or has furnished to or produced before any authority under this Act or the made there-under any account, return, document or information which is false or incorrect in any material particular, such authority may, after affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account, return document or information, as the case may be, been accepted as true and correct.

The dealer is a trader. During Scrutiny of the assessment case, it revealed that the dealer had claimed opening stock of goods in Trading Account as nil (as per trading account placed on the file) and while finalizing the assessment the Assessing Authority also accepted the dealer contention. However, during audit while cross verifying the transaction, it was noticed that during financial year 2014-15, the dealer had closing stock of goods Rs 29269367/- (Purchase Rs 1039501315 less sale Rs 1010231948 Rs 29269367/- (closing stock), as per sales/purchase reconciliation account placed on the file), which was to be taken as opening stock of goods during 2015-16. But the dealer had taken opening stock of goods as nil during 2015-16. It shows that the dealer had suppressed the sale of goods worth of Rs 29269367/- for which tax and penalty under Section 38 was to be levied. Thus, due to non levy of tax and penalty on suppression of sale has resulted in under assessment of tax Rs 5772872/- (Tax Rs 1436468/- (29269367 x 5%) and penalty Rs 4309404 /-, three times of tax).

Test check of case file revealed that reasons were not found/placed on record for under assessment of tax. Such similar cases may be examined in detail and appropriate action may be taken as per HVAT Act 2003 under intimation to Audit.

In reply the Assessing Authority admitted the audit observations and stated that case has been sent for suo-moto action to the Dy Excise & Taxation Commissioner (Inspection)-cum-Revisonal Authority, Faridabad.

**Audit Reply**

The Para is admitted. The dealer is engaged in the business of whole sale trading and migrated in the GST regime and suo-moto cancelled on 10.03.2018.

In reply to audit objection it is stated that file was sent to the Dy. Excise & Taxation Commissioner, Faridabad (Inspection) for Suo-Moto action vide letter no. 3978 dated 22.01.2020. Subsequently the case was reviewed by the Revisonal Authority and created an additional demand of Rs.72,145,568/- under the VAT Act 2003. This demand was made through order no. 06/2015-16 dated 17.04.2023.

Further more the case has been finalized under section 38 of HVAT Act 2003 and penalty of Rs. 65,94,399/- (21,98,133\*3) has been imposed vide D. No. 10/2015-16, dated 11.07.2023. Therefore, an additional demand of Rs. 7,87,39,967 has been created and TDN issued on 11.07.2023.

**5. M/s Vardaan Sales Agency Pvt. Ltd. Faridabad (South), TIN 06341222938, A.Y. 2015-16**

**Audit Objection**

As per the provisions of Section 38 of HVAT Act 2003, if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales, purchases imports into State, exports out of State, or stocks of goods, or has concealed any particulars in respect thereof or has furnished to or produced before any authority under this Act or the made there-under any account, return, document or information which is false or incorrect in any material particular, such authority may. After affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account, return document or information, as the case may be, been accepted as true and correct.

The dealer is a trader of iron and steel. During Scrutiny of the assessment case, it revealed that the dealer had claimed opening stock of goods in Trading Account as nil during 2015-16 (as per trading account placed on the file) and while finalizing the assessment the Assessing Authority also accepted the dealer contention. However, during audit while cross verifying the transaction, it was noticed that during financial year 2014-15, the dealer had closing stock of goods Rs 39119109/- {(Purchase Rs 1356619065 less sale Rs 1317499956 = 39119109 (closing stock) as per sale/purchase account placed on the file)}, which was to be taken as opening stock of goods during 2015-16. But the dealer had taken opening stock of goods as nil during 2015-16. It shows that the dealer had suppressed the sale of goods worth of Rs 39119109/- for which tax and penalty under Section 38 was to be levied. Thus, due to non levy of tax and penalty on suppression of sale has resulted in under assessment of tax Rs. 7823820/-{(Tax Rs 1955955/- (39119109 x 5%) and penalty Rs 5867865 /-, three times of tax)} The matter is referred to the Assessing Authority for required necessary action as per law under intimation to Audit and for comments. Audit has conducted test checked of records. So, similar other cases to be checked at your level and results may be intimated to audit.

**Audit Reply**

The para is admitted. The dealer is engaged in the business of whole sale trading and migrated in the GST regime and suo-moto cancelled on 16.09.19.

In reply to audit objection, it is stated that file was sent to the Dy. Excise & Taxation Commissioner, Faridabad (Inspection) for Suo-Moto action vide letter no. 3979 dated 22.01. 2020. Subsequently the case was reviewed by the Revisional Authority and created an additional demand of Rs.9,89,76,927/- under the HVAT Act 2003. This demand was made through order no. 07/2015-16 dated 17.04.2023.

Furthermore, the case has been finalized u/s 38 of HVAT Act, 2003 and penalty of Rs. 79,45,734/- (26,48,578/\*3) has been imposed vide D. No. 09/2015-16, dated

11.07.2023. Therefore, an additional demand of Rs. 10,69,22,661/- has been created and TDN issued on 11.07.2023.

**After hearing the departmental representatives, the Committee has observed that the sale/purchase has not been cross verified as per the provision under Section 38 of the Act and desired that the responsibility for the default be fixed and recovery be expedited under intimation of the Committee.**

**[4] 2.4 Inadmissible/Excess Input Tax Credit:**

Assessing Authorities allowed benefit of Input Tax Credit without verification of purchases from selling dealers, resulting in incorrect grant of Input Tax Credit of ₹ 9.06 crore. In addition, penalty of ₹ 26.53 crore was also leviable.

As per notification issued in September 2015, input tax means the amount of tax actually paid to the State in respect of goods sold to a VAT dealer, which such dealer is allowed to take credit of, as actual payment of tax by him, calculated in accordance with the provision of Section 8. Under Section 8 of the HVAT Act 2003, input tax in respect of any goods purchased by a VAT dealer shall be the amount of tax paid to the State on sale of such goods to him. ETC Haryana issued instructions in March 2006 and July 2013 that cent *per cent* verification of input tax credit (ITC) up to the stage of actual payment of tax shall be done. Further, Section 38 of the Act provides for penal action (three TIMES of tax avoided as penalty) for claims on the basis of false information and incorrect accounts or documents etc.

Scrutiny of records of 33,901 cases out of 1,22,864 cases involving 16 assessing authorities (between September 2018 and October 2020) revealed that while finalising the assessment of 43 cases of 20 dealers pertaining to eight DETC (ST)<sup>2</sup> for the years 2014-15 to 2016-17 (between May 2017 and December 2019), the AAs allowed benefit of ITC of ₹ 9.06 crore without verification of purchases and actual payment of tax from selling dealers as detailed in the table below:

**Table 2.4**  
**Details of irregular ITC claimed**

Sr. No.	DETC	No. of dealers/cases	Bogus Purchase	Rate of Tax (in per cent)	Bogus ITC claimed	Penalty u/s 38	Total Amount
1.	Ambala	4/10	4,80,78,287	5 to 13.125	38,95,705	1,16,87,115	1,55,82,820
2.	Gurugram (East)	2/2	45,92,840	5 to 13.125	4,29,167	12,87,501	17,16,668
3.	Faridabad (East)	3/6	3,94,51,702	4.2 to 13.13	44,90,319	1,34,70,957	1,79,61,276
4.	Faridabad (North)	3/7	6,32,41,140	5.25 to 13.13	49,78,233	1,49,34,694	1,99,12,927
5.	Karnal	4/6	1,09,62,39,520	5 to 5.25	5,94,61,927	17,20,52,061	23,15,13,988
6.	Faridabad (South)	2/8	9,28,35,810	5 to 13.125	1,06,99,179	3,20,97,537	4,27,96,716

7.	Bahadurgarh	1/1	10,24,31,584	4.2 to 13.125	48,69,282	1,46,07,846	1,94,77,128
8.	Panipat	1/3	3,31,05,138	5.25	17,38,020	52,14,060	69,52,080
<b>Total</b>		<b>20/43</b>	<b>1,47,99,76,021</b>		<b>9,05,61,832</b>	<b>26,53,51,771</b>	<b>35,59,13,603</b>

On cross-verification of sale/purchase lists of concerned dealers by audit, it was noted that either the selling dealers had not shown any sales to these purchasing dealers or registration certificates of selling dealers were cancelled. This resulted in incorrect grant of ITC of ₹ 9.06 crore. In addition, penalty of ₹ 26.53 crore was also leviable

On being pointed out, five DETCs<sup>3</sup> intimated (February 2022) that in 25 cases reassessment proceedings were initiated/sent to DETC-cum-Revisonal Authority for *suo moto* action. AA Ambala intimated (February 2022) that in four cases, the dealers had filed an appeal before JETC. AA Bahadurgarh intimated (February 2022) that in one case, penalty of ₹ 1.46 crore had been levied under Section 38 of HVAT Act and a Tax Demand Notice (TDN) had been issued for ₹ 1.97 crore to the dealer. AA Faridabad (South) intimated (February 2022) that in seven cases TDN had been issued for ₹ 1.88 crore including interest to the dealer. AA Faridabad (East) intimated (February 2022) that in two cases, additional demand of ₹ 0.47 crore had been created. AA Faridabad (South) intimated (February 2022) that in one case, TDN of ₹ 39.12 lakh had been issued to the dealer. AA Panipat intimated that in three cases, additional demand had been created and recovery proceedings were under process.

During exit conference held in March 2022, the Department admitted the audit observations.

Department may ensure putting in place stringent mechanism of allowing benefit of ITC after due verification.

**The department in its written reply stated that as under: -**

**1. M/s Rajiv Syndicate Auto Zone, Ambala, TIN 06301045838, A.Y. 2015-16:**

**Audit Objection**

Under Section 8 of the Haryana Value Tax Act 2003 input tax in respect of any goods purchased by VAT dealer shall be amount of tax paid to the State of the sale of such goods to him. Further, section 38 of HVAT Act, provides for penal action (tax avoided/benefit claimed and three times penalty) ofr claims on the basis of false information and incorrect accounts or documents etc.

Government of Haryana had issued instructions on 14 March 2006 and 16 July 2013 for verification of intra-State or inter-State transaction of more than on lakh rupees before allowing the benefit of tax/concession to the dealer. For assessment cases pertaining to 2015-16 the O/o ETC Haryana provided MIS report of mismatches of sales and purchases.

The dealer is a trader of industrial products. Scrutiny of assessment file revealed that the dealer claimed and allowed ITC of Rs.30747310/- on purchase of taxable goods of Rs.234278798/-. Test check of MIS report revealed that the selling dealers had not made sale/shown less sale to this dealer. The dealer claimed excess ITC of Rs.1400720/- on purchases of Rs.10672150/-. While finalizing assessments the Assessing Authority(AA) allowed the ITC without verification of purchase from selling dealers. This resulted in incorrect grant of ITC of Rs.1400720/-.



The dealer has not uploaded copy of Profit and loss A/c (Note 15 i.e details of other income). The same may be produced to audit.

The matter is brought to the notice of A A for taking necessary action as per act.

### **Reply of Para**

In reply to the audit objection, the original assessment in this case was framed by Assessing Authority Order dated 23.01.2018 with Rs. 1333/- demand under HVAT Act and the amount of Rs. 4351/- under the CST Act. The case has been sent to the Deputy excise and Taxation Commissioner-Cum-Revisional Authority, Ambala for taking suo motu action vide Endst. No. 3957, dated 22.02.2023. The revisional authority has issued notices for 29.05.2023 and 04.09.2023 to the dealer.

## **2. M/s Metro Moters, Ambala, TIN 06461006659, A.Y. 2015-16**

### **Audit Objection**

Under Section of the Haryana Value Tax Act,2003 input tax in respect of any goods purchase by VAT dealer shall be the amount of tax paid to the State on the sale of such goods to him. Further, section 38 of HVAT Act, provides for penal action (tax avoided/ benefit claimed any three times penalty) for claims on the basis of false information and incorrect accounts or documents etc.

Government of Haryana had issued instructions on 14.03.2006 and 16.07.2013 for verification of Intra-State or Inter State transactions of more than one lack rupees before allowing the benefit of tax/ concession to the dealer. For assessment cases pertaining to 2015-16 the O/o ETC Haryana provided MIS report Mismatch sale purchase.

The dealer is trader of industrial products. Scrutiny of assessment file revealed that the dealer claimed and allowed ITC of Rs. 13837749/- on purchase of taxable goods of Rs.105743190/- Test check of MIS report revealed that the selling dealers had not made sale/ shown less sale to this dealer. The dealer claimed excess ITC of Rs.1134242/- on purchase of Rs.8655504/-. While finalizing assessments the assessing authority (AA) allowed the ITC without verification of purchase from selling dealers. This resulted in incorrect grant of ITC of Rs. 1134242/-.

The case for 2014-15 and 15-16 were assessed without producing the trading and profit and loss account. The same may be produced to audit.

The matter is brought to the notice of AA for taking necessary action as per act.

### **Reply of Para**

In reply to the audit objection, the original assessment in this case was framed by Assessing Authority Order dated 23.02.2018 will NIL demand under HVAT Act and the amount of Rs. 163233/- udesr CST Act. The case was sent to DETC-Cum-Revisional Authority for Suo-Moto action vide endst. No. 5154, dated 12.11.2018. The Revisional Authority remitted the case to the Assessing Authority on 25.09.2019 as the mismatch list was not placed on file. The Assessing Authority had also issued notice for re-assessment which was vacated on the ground of non-fulfillment of ingredients of section 17 (Re-assessment). The case has now been sent back to Revisional Authority

vide Endst. No. 3377 dated 02.12.2021 for necessary action. Revisional Authority issued the notices for 20.01.2022, 26.05.2023 and 04.09.2023 to the dealer. Final outcome will be intimated accordingly.

### **3. M/s Mahadev Trader, Ambala, TIN 06481032838, A.Y. 2016-17**

#### **Audit Objection**

As per the provisions of Section 8 of HVAT Act, input tax in respect of any goods purchased by a VAT dealer shall be the amount of tax paid to the State on the sale of such goods to him and shall, in case of a dealer who is liable to pay tax under sub-section 3 or as the case may be. Further as per the provisions of Section 38 of HVAT Act, 2003 if a dealer has maintained/submitted false or incorrect accounts or documents with a view to suppress his sale/purchase or evade tax he is liable to pay penalty in addition to tax a sum thrice the amount of tax.

The dealer is a trader. During test check of assessment case file, it revealed that the dealer had claimed ITC Rs 1110840/- on purchase worth of Rs. 21158868/- (As per R1 & R2 scrutiny report) and while finalizing the assessment, the Assessing Authority also accepted the dealer contention and allowed the ITC benefit of Rs. 1110840/-. However, during scrutiny of assessment case, it has further been noticed that the dealer had claimed ITC Rs. 759577/- on purchases worth of Rs 14468134/- as per details given below:-

Seller Business Name	Seller TIN	Purchaser Turnover	Seller Turnover	Turnover Difference	Purchaser Tax Paid	Seller Tax Paid	Tax Difference
R.R. ENTERPRISES	6911950064	14468134	0	14468134	759577	0	759577

But while verifying the facts of purchases, it was noticed that the above noted dealer have not filed any return during 2016-17 (As per summary report). It shows that the dealer had claimed ITC on ingenuine purchases. Thus due to allowance of incorrect ITC on ingenuine purchases has resulted in under assessment of tax of Rs.3038308/- (Tax Rs. 759577/- + penalty of Rs.2278721/- (759577 x 3) leviable under Section 38 of HVAT Act 2003). Matter is being referred to AA for taking action as per law of HVAT Act.

#### **Reply of Para**

The original Assessment was framed vide order no. 753 dated 12.11.2018. The Audit Party raised an objection which is admitted. In response to the Audit Objection, it is submitted that the Selling dealer has not shown the sale in their return in LS-9. There after the case file was sent to DETC(I), Ambala for Suo-Motu action vide memo No. 1606, dated 12.02.2020, DETC (I) sent to file back to Assessing Authority for reassessment under section 17 of HVAT Act, 2003 after proper verification of sale of the selling dealer. The Assessing Authority has issued the notice alongwith VAT N-2 regarding Re-Assessing the case. The case is fixed for 23.06.2023. On 23.06.2023 the dealer/authorized representative did not appear. The last & final opportunity has been issued to the dealer alongwith VAT N-3. The case is now fixed for 05.09.2023. Final outcome will be intimated accordingly.

#### 4. M/s Haryana Scrap Trader, Ambala, TIN 0801039646, A.Y. 2016-17

##### Audit Objection

As per provision of Section 38 of HVAT Act, 2003 if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sale, purchases, imports into State, exports out of State or stocks of goods of has concealed any particulars in respect thereof or has furnished to or produced before any authority under this act, or the rules made thereunder any account, return, documents or information which is false or incorrect in any material particular, such authority may, after affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty, in addition to the tax which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account, return, document or information as the case may be, been accepted as true and correct.

The dealer is a trader of scrap. The case was decided under section 15(3) of the HVAT Act, 2003. During test check of assessment case filed, it revealed that the dealer had shown excess purchases of goods worth Rs. 19762970/- from various dealers and claimed ITC Rs. 1406760/- on said purchases. Whereas the selling dealer had not shown any sale/less sale to this dealer as per their sales returns. However, benefit of ITC was not allowed to the dealer while framing assessment, but the dealer has maintained incorrect accounts and filed quarterly false return which attract penalty u/s 38.

Sr. No	Name of Sale Dealer	TIN	Purchase Turnover	Sale Turnover	Excess Purchase shown by purchasing dealer	Excise ITC Claimed
1	M/s Shiva Trading Co.	06571043507	10036280	8478430	1557850	215533
2	M/s Satyam Enterprises	06861040583	12765870	0	12765870	819513
3	M/s M.M. Traders	06131042197	11036210	6386960	4649250	268026
4	M/s Baba Traders	06451039499	790000	0	790000	103688
		<b>Total</b>	<b>36428360</b>	<b>14865390</b>	<b>19762970</b>	<b>1406760</b>

Thus by non levy of penalty on bogus claim of ITC Rs. 1406760/- has resulted in under assessment of tax of Rs. 42,20,280/- (Rs. 14,06,760/- x 3 times). Similar, cases where bogus ITC was claimed but penalty was not levied may also be examined in details under intimation to Audit.

Matter is brought to the notice of Assessing Authority for taking action under HVAT Act, 2003.

##### Reply of Para

The original assessment of M/s Haryana Scrap Traders TIN-06801039646 for the assessment year 2016-17 was framed by Sh. S.K. Sheoran the then Excise & Taxation Officer-cum- Assessing Authority vide Disposal No. 871 dated 24.12.2019. The assessment was framed under Scrutiny. There is a demand of Rs. 1927655/- under VAT and Rs. 92240/- in CST.

The audit party has raised an objection. In reply of this audit objection, it is submitted that the dealer has preferred an appeal before the JETC (Appeal), Ambala. Now, the case has been remanded back to the assessing authority vide order dated on 28.10.2021 which was received in this office on 07.01.2022. Notice for De-novo assessment has been issued for dated 21.08.2023 to the dealer. Final reply will be submitted after decision of remand case.

**5. M/s Inside Outside, Guguram (East), TIN 06521825791, A.Y. 2014-15**

**AUDIT OBJECTION**

As per the provisions of Section 38 of HVAT Act 2003, if a dealer has maintained false or incorrect accounts or documents with a View to suppressing the sales, purchase, imports into state, or stocks of goods, or has concealed any particulars in respect thereof or has made there-under any account, return, document or information which is false or incorrect in any material particular, such authority may, after affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account, return, document or information, as the case may be, been accepted as true and correct.

During cross verification with LP-7 of purchasing dealer M/S. Inside Outside, Gurugram, TIN-06521825791 it is noticed that in the 4<sup>th</sup> quarter ended on 31.03.2015 the dealer has shown purchases goods worth Rs.2387840/- from M/S Shiv Enterprise, TIN-06321834243 and claimed input tax credit for Rs.313404/- on this purchase but in the LS-9 M/S Shiv Enterprise has not shown none of sale to the purchasing dealer M/S INSIDE OUTSIDE thus the above dealer M/S INSIDE OUTSIDE has claimed inadmissible ITC and was to be required penal action on showing wrong purchases. While finalizing the assessment case the AA did not levy additional tax and penalty as per provisions of the Act. It has resulted into under assessment of tax for Rs.1253616/-  $[(2387840 \times 13.125/100) = 313404 \text{ tax plus penalty } 3 \text{ times} = 940212]$  which is brought to the notice of the AA for taking suitable action as per sales tax law. Reply/comments may be furnished within 3 days in case otherwise it will be presumed that the observation made by the Audit stand confirmed.

**AUDIT REPLY**

Audit para was raised with the objection that while finalizing the assessment case the then A.A did not levy additional tax and penalty as per provisions of the HVAT Act, 2005 on claim of input tax credit for Rs. 313404/- on purchases from M/s Shiv Enterprises which were not shown in LP-9 of M/s Shiv Enterprises.

The case was taken for reassessment under section 17 of the HVAT Act, 2003. The case has been reassessed vide Demand No 24-A A.Y 2014-15 dt. 28.03.2023. Demand of Rs. 1039218/- has been created. The same has been served on the email of the dealer. The recovery notices have been issued on dated 03.07.2023 & 27.07.2023 to the dealer.

**6. M/s Diverse Infotech Pvt. Ltd., Guguram (East), TIN 06751834734, A.Y. 2014-15**

**AUDIT OBJECTION**

As per the provisions of section 38 of HAVT Act, 2003 if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales, purchases, imports into state, exports out of State, or stocks of goods, or has concealed

may particulars in respect thereof or has furnished to or produced before any authority under this Act or the rules made there under any account return documents or information which is false or incorrect in any material particular, such authority may, after affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty, in addition of the tax which would have been avoided had such account, return document or information, as the case may be, been accepted as true and correct.

During scrutiny of the case file it is noticed that the dealer has shown purchases goods worth Rs. 1642042/- from M/s Sonata Information Technology Ltd. Tin 06381928785a\ and claimed input tax credit for Rs. 86073/- (16420442@5.25%) on these purchases. Cross verification with the LS-9 of the selling M/s Sonata Information Technology Ltd Tin 06381928785 made by the audit and found the purchasing dealer M/s Diverse Infotech P Ltd has claimed excess of ITC on purchase goods worth Rs. 2205000/- as mentioned below in the table:

Q.E	Purchases as per LP-7 M/s Diverse infotech Tin 06751834734	Sale as per LS-9 M/s Sonata information Technology Ltd Tin 06381928785	Difference
1 <sup>st</sup>	2206095	1128095	1078000
2 <sup>nd</sup>	8575000	9653000	1078000
3 <sup>rd</sup>	4116000	1911000	2205000
4 <sup>th</sup>	1527347	1527347	Nil
Total	16424442	14219442	2205000

While finalizing the assessment case the A A allowed benefit of ITC as claimed by the dealer instead of levy of additional tax and penalty as per provisions of the Act. It has resulted into under assessment of tax for Rs. 463052/-(2205000@5.25%= 115763/- tax plus 3 times penalty=347289/-) which is brought to the notice of the A A for talking suitable action as per sales tax law. Reply/comments may be furnished within 3 days in case otherwise it will be presumed that the observation made be the audit stand confirmed.

#### AUDIT REPLY

In reply to the audit it is submitted that the dealer has claimed ITC of Rs.962611/- on purchases made from M/s. Sonata Information Technology Ltd. of Rs.18335443/- the same is duly reflected in the Annual VAT return in Form VAT R-2 of M/s Diverse Infotech P Ltd.

It is pertinent to mention here that Purchase verification letter was sent by this office vide Memo No.4200 dated 25.02.2022 to Excise & Taxation Officer Ward-11, Gurugram (East) and reply of the same is received in this office on 03.03.2022 vide Memo No.735 dated 02.03.2022. As per verification report M/s Sonata has shown sales of Rs. 14219442/- to M/s Diverse infotech Pvt Ltd during the A.Y. 2014-15.

The Input Tax Credit of Rs.962611/- was claimed by M/s. Diverse Infotech Pvt. Ltd. Gurgraon on the basis of documents as mentioned in Section 8 of the HVAT Act, 2003. The dealer has submitted the below given documents:

- (1) The copy of Tax invoices issued by M/s Sonata Information Technology Ltd.

- (2) Ledger Account showing all the purchases & payment thereof.
- (3) Bank statement in support of payment made to M/s Sonata Information Tech. Ltd.

In view of the above observation and relying upon judgment passed by the Hon'ble Punjab & Haryana High Court in the case of Gheru Lal Bhal Chand V/s State of Haryana, para may be drop.

**7. M/s Sai Trader, Faridabad (East), TIN 06861223331, A.Y. 2016-17**

**AUDIT OBJECTION**

As per Haryana Govt. Law and Legislative department's notification No. Leg. 22/2015 dated 05.09.2015, the provisions under section-2 (11)(W) "Input tax" means the amount of tax actually paid to the State in respect of goods sold to a VAT dealer is allowed to take credit of as actually payment of tax by him, calculated in accordance with the provisions of section 8. Further as per provisions of Section 38 of HVAT Act 2003, if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales, purchases, imports into State, exports out of State, or stocks of goods, or has concealed any particulars in respect thereof or has furnished to or produced before any authority under this Act or the rules made there-under any account, return, document or information which is false or incorrect an any material particular, such authority may, after affording such dealer a reasonable opportunity of being hear, direct him to pay y way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account, return, document or information, as the case may be, been accepted as true and correct.

The dealer is a trader and his assessment case is assessed under section 15(1) read with rule 27(3). During scrutiny of the case file it is noticed that the dealer has shown purchases of goods worth Rs. 14425736/- from M/s Square India Traders, TIN-06491945942 and claimed input tax credit for Rs. 1893377/- which was allowed by the AA while framing final assessment of the case. The assessment case of selling firm M/s Square India Traders assessment case was decided on ex-parte and a demand of Rs. 22536520/- was pending against the dealer. The selling firm seems to be a dubious, as when online verification made by the Audit on [www.haryana tax.gov.in](http://www.haryana tax.gov.in) result found that the selling dealer's firm is cancelled, hence, the above purchasing dealer is liable to penal action according to the above said provisions of the Act but the AA allowed inadmissible benefit of ITC on these purchases. With the result of this tax and penalty id under assessed for Rs. 7573508/- (Tax Rs. 1893377/- plus three times penalty i.e. 5680131/- which is brought to the notice of the AA for taking suitable action as per sales tax law under intimation to the audit.

**AUDIT REPLY**

In reply to this para it is submitted that proceedings for Re-assessment of the case has been finalized vide D. No. 02A dated 06-04-2023 and demand has been created amount to Rs.7569014/- and copy of Re-assessment order along with TDN has been sent to the dealer by E.Mail on dated 07-04-2023. Recovery proceedings started & recovery notice has been issued for dated 23.06.2023 but none present, therefore reminder issued for dated 07.08.2023.

**8. M/s Jindal Brother, Faridabad (East), TIN 06531222397, A.Y. 2015-16**

**AUDIT OBJECTION**

As per Haryana Govt. Law and Legislative department's notification No. Leg. 22/2015 dated 15.09.2015, the provisions under Section-2. (II)(W) Input tax" means the amount of tax actually paid to the State in respect of goods sold to a VAT dealer is allowed to take credit of as actually payment of tax by him, calculated in accordance with the provisions of section 8. Further as per provisions of Section 38 of HVAT Act 2003, if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales, purchases, imports into State, exports out of State, or stocks of goods, or has concealed any particulars in respect thereof or has furnished to or produced before any authority under this Act or the rules made there-under any account, return, document or information which is false or incorrect in any material particular, such authority may, after affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account, return, document or information, as the case may be, been accepted as true and correct.

The dealer is a trader and his assessment case is assessed under section 15(2). During scrutiny of the case file it is noticed that the dealer has shown purchases of goods worth Rs. 11206909/- and claimed input tax credit for Rs. 1470907/- as mentioned below:-

Sr. No.	Name of the dealer	Purchase Amount	TAX/ITC	Remarks
1.	Shree Ram Trading Co. TIN-06031223060	3693683/-	484796/-	Cancelled firm. None of return filed during the year.
2.	Daksh Enterprises TIN-06821341208	3974242/-	521619/-	Ex-parte case decided/tax not deposited. None of sale made to the above dealer (only tax rate 5.25% goods sold to other dealers instead of 13.125%)
3.	Krishna Enterprises TIN-06321339155	3538984/-	464492/-	None of sale made to the above dealer.
	<b>Total</b>	<b>11206909</b>	<b>1470907/-</b>	

**AUDIT REPLY**

In reply to this para it is submitted that proceedings for Re-assessment of the case has been finalized vide D. No. 01A dated 06-04-2023 and additional demand has been created amount to Rs. 5726910/- and copy of Re-assessment order alongwith TDN has been sent to the dealer by E.Mail on dated 07-04-2023. Recovery proceedings started & recovery notice has been issued for dated 23.06.2023 but none present, therefore reminder issued for dated 07.08.2023.

**9. M/s Classic Printers, Faridabad (East), TIN 006231224308, A.Y. 2015-16**

**AUDIT OBJECTION**

As per Haryana Govt. Law and Legislative department's notification No. Leg 22/2015 dated 15.09.2015, the provisions under Section-2.(II)(w) "Input tax" means

the amount of tax actually paid to the State in respect of goods sold to a VAT dealer is allowed to take credit of as actually payment of tax by him, calculated in accordance with the provisions of section 8. Further as per provisions of Section 38 of HVAT Act 2003, if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales, purchases, imports into State, exports out of State, or stocks of goods, or has concealed any particulars in respect thereof or has furnished to or produced before any authority under this Act or the rules made there-under any account, return, document or information which is false or incorrect in any material particular, such authority may, after affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account, return, document or information, as the case may be, been accepted as true and correct.

The dealer is a trader and his assessment case is assessed under section 15(2). During scrutiny of the case file it is noticed that the dealer has shown purchases of goods worth 13819055(Rs.8051065 from M/s. Renu Trading Corporation, TIN-06601224056 and from M/s. Nav Bharat Paints and Chemicals, TIN-06481224801 for Rs.5767990) and claimed input tax credit for Rs.1126033 (620433+505600) which was allowed by the AA while framing final assessment of the case. When cross verification made by the Audit both the selling firms neither sold any goods to M/s. Classic Printers and none of sale shown to the unregistered dealers/cash sale. Hence, no benefit of ITC was to be given to the dealer and was liable to penal action under the above said provisions of the Act. Due to allowance of inadmissible of input tax credit and non-levy of penalty under the above said provisions of the Act, tax and penalty is under assessed for Rs. 4504132/Tax Rs.1126033 plus three times penalty i.e. Rs.3378099) which is brought to the notice of the AA for taking suitable action as per sales tax law under intimation to the Audit.

#### **AUDIT REPLY**

In reply to the audit, it is submitted that the case of the firm reassessed vide disposal No 001A on 11.03.2020 and demand of Rs. 46,76,758/- has been created. TDN & order has been served upon the dealer through Email dated 16.06.2020. Summon has also been issued the dealer on dated 10.12.2021, to recover the amount of arrear but the firm/dealer was not found at the given address as per report of Taxation Inspector, Ward-4, Faridabad (East). Hence, DRC-07A has been issued to the dealer on 20.03.2023 amounting to Rs. 46,76,758/- and the same is shown in Electronic Liability Ledger. No ITC available in the Electronic Credit/Cash Ledger.

#### **10. M/s M.L Suppliers, Faridabad (North), TIN 06081340548, A.Y. 2015-16**

##### **Audit Objection**

The dealer has shown purchase goods worth Rs. 23448963/- (i.e from Shree Ram Trading Co. Rs. 3023460/- M/s Tisha Trading Co. Rs. 19497592/- (as per LS-9 9676863/-) M/s Krishna Enterprises Rs. 2733505/- and M/s Khushi Traders Rs. 7871269/- and claimed ITC of Rs. 3493645/-. Whereas on verification of purchase conducted by the Audit it has revealed that most of the firms did not show these sales in their LS-9/returns. Thus, the dealer has claimed bogus ITC of Rs. 2313216/- by



presenting bogus VAT C-4 /documents/incorrect accounts. While finalizing assessment of the case the assessing authority has neither reversed ITC of Rs. 2312216/- nor levy penalty has resulted into under assessment of tax of Rs. 9252864/-.

Matter is brought to the notice of assessing authority for taking suitable action according to HVAT Act, 2003.

### **Reply of Para**

In reply to the audit objection, it is submitted that original assessment for the A.Y 2015-16 has been framed by the then assessing authority vide order no. 1048 dated 04.02.2019 under section 27 (3) of Haryana Value Added Tax Act, 2003. After the observation of audit party the case has been sent to Deputy Excise & Taxation Commissioner(I)-Cum-Revisonal -Authority, Faridabad(North) for suo-moto action vide memo no. 8365 dated 21.01.2021. Now, the case has been decided by DETC (I) cum revisonal Authority vide order no. 09/2015-16 dated 30.05.2023 and created demand of Rs. 1393567/- Under H VAT Act 2003.

### **11. M/s Laxmi Electricals, Faridabad (North), TIN 06291304203, A.Y. 2015-16**

#### **Audit Objection**

As per Haryana Govt. Law and Legislative department's notification No. Leg.22/2015 dated 15.09.2015. the provision under section 2(ii)(w) "input tax" means the amount of tax actually paid to the State in respect of goods sold so a VAT dealer is allowed take credit of as actually payment of tax by him, calculated in accordance with the provisions of section 8. Further as per provision of Section 38 of HVAT Act 2003. If a dealer has maintained false or incorrect accounts or documents with a view of suppressing his sales, purchases, invoices into State exports out of State, or stocks of goods, or his cancelled any particulars in respect thereof or has furnished to or produced before any actually under this Act or the rules made there under any account return document or information which is false or incorrect in any material particulars such Authority may after affording such dealer a reasonable opportunity of being hand, direct him to pay by day of penalty, in addition to the tax so which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account, return document of information, as the case may be been accepted as true and correct.

The dealer is trader. During scrutiny of the case file it is noticed that the dealer has shown purchases goods worth Rs.2636887/-(2457145+5565870+ 19613872) from M/s Shree Ram Traders, TIN 06451336513 and claimed input tax credit for Rs. 1470516/- which was allowed by the AA while framing final assessment of the case. When online verification made b the Audit on [www.haryanatax.gov.in](http://www.haryanatax.gov.in) the selling dealer has not shown any sale to the above purchasing dealer and has not filed any returns after 3rd Quarter VAT R-1 of AY 2015-16, hence, the dealer has claimed inadmissible benefit of ITC and was liable to penal action according to the above said provisions of the Act. Due to allowance of inadmissible benefit of ITC on these purchases has resulted into is under assessment of tax for Rs. 5882064(tax Rs.1470516+three times penalty of Rs.4411548) which is brought to the notice of the AA for taking suitable action as per sales tax law.

### **Reply of Para**

In reply to audit objection, it is submitted that the assessment in this case was framed by the then Assessing Authority vide his order no. 1000 dated 15.03.2019.

The assessment file along with audit objection for the year 2015-16 has been sent to DETC (Inspection) -cum- Revisional Authority Faridabad (North) for suo- moto action vide Endst. No. 8404/KG/W-5 dated 18.12.2020.

Now, the case has been decided by the DETC(I)- cum- revisional authority vide ordered memo no. 08/2015-16 dated 30.05.2023 and created demand of Rs. 14,70,515/- under HVAT Act 2003 and Rs. 790 under CST Act 1956. The copy of revised assessment order along with TDN has been served upon dealer on 15.06.2023.

### **12. M/s Laxmi Electricals, Faridabad (North), TIN 06291304203, A.Y. 2016-17**

#### **Audit Objection**

As per Haryana Govt. Law and Legislative department's notification No. leg.22/2015 dated 15.09.2015, the provisions under Section-2, (II) (w) "Input tax" means the amount of tax actually paid to the State in respect of goods sold to a VAT dealer is allowed to take credit of as actually payment of tax by him, calculated in accordance with the provisions of section 8. Further as per provisions of Section 38 of HVAT Act 2003, if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales, purchases, imports into State, exports out of State, or stock of goods, or has concealed any particulars in respect thereof or has furnished to or produced before any authority under his Act or the rules made there-under any account, return, document or information which is false or incorrect in any material particular, such authority may, after affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account, return, document or information, as the case may be, been accepted as true and correct.

The dealer is a trader. During scrutiny of the case file it is noticed that the dealer has shown purchases goods worth Rs. 12155290/- (7013190+327600+ 4814500)/- from M/s. Shree Ram Traders, TIN-06451336513 and claimed input tax credit for Rs. 1194501/- which was allowed by the AA while framing final assessment of the case. When online verification made by the Audit on [www. Haryanatax.gov.in](http://www.Haryanatax.gov.in) the selling dealer M/s. Shree Ram Traders is a dubious firm, hence, the above dealer has claimed inadmissible benefit of ITC and was liable to penal action according to the above said provisions of the Act. Due to allowance of inadmissible benefit of ITC has resulted into under assessment of tax for Rs. 4778004 (tax Rs. 119450 plus three times penalty i.e Rs. 3583503) which is brought to the notice of Assessing Authority for taking suitable action as per sales tax law.

In case non submission of reply within three days it will be assumed that the Audit objection has been accepted by the Assessing Authority.

### **Reply of Para**

In reply to audit objection, it is submitted that the assessment in this case was framed by the then Assessing Authority vide his order no. 594 dated 26.11.2018.

The assessment file along with audit objection for the year 2016-17 was sent to DETC (Inspection) -cum- Revisional Authority Faridabad (North) for suo- moto action vide Endst. No. 738 dated 15.02.2022. The case was sent back to the assessing authority and the case has now been reassessed by the assessing authority vide order no 04/2016-17 dated 29.05.2023 and created demand of Rs. 2389000/- under HVAT Act 2003. A copy of reassessed order along with TDN has been served upon dealer on 15.06.2023.

**13. M/s S.S Industrial Corporation, Faridabad(South),TIN 06411227119, A.Y 2015-16**

**AUDIT OBJECTION**

As per Section 8(1) of HVAT Act 2003, input tax in respect of any goods purchased by a VAT dealer shall be the amount of tax actually paid to the State on the sale of such goods to him and shall in case of a dealer who is liable to pay tax under sub-section (1) of Section 3. Under Section 38 of HVAT Act penalty is leviable for submitting wrong documents to evade payment of tax. The dealer is a trader of Read made mix concrete. During scrutiny of the case, it was revealed that the dealer had purchased goods worth of Rs 74099436 /- and claimed ITC Rs 9725550 /- (Scrutiny Report). However, while finalizing the assessment, the Assessing Authority also allowed the benefit of ITC on the basis of Forms VAT C-4, but without verification of genuineness of transactions. During audit while cross verification of transactions, it was noticed that the dealer had allowed inadmissible ITC of Rs 9725550/- on ingenuine purchases of goods worth of Rs 74099436/-made from following dealers as per details given below:-

Name of the selling dealer	TIN no.	Value of goods purchased (Shown in VAT C-4)	ITC claimed	Remarks
Shree Ram Trading Co.	06031223060	8307903	1080262	As per online data of website 'HVAT' the selling dealer did not file any return during the year. Thus, it shows that no tax was paid by the selling dealer claimed genuine ITC against VAT C-4 form.
Tisha Trading Co.	06611224972	11964007	1570385	As per online data of website 'HVAT', M/s Tisha Trading Co. shown purchased goods in 1 qtr @ 13.125 % from M/s Shree Ram Trading Co. Faridabad TIN 06031223060 and M/s Sun Industries, Gurugram TIN No. 6041836337, but both the dealers did not file any returns during the year. In 2nd qtr the selling dealer shown purchase from M/s Daksh Enterprises, TIN 06821341208, R.L Enterprises TIN 06371340534, Jaspmeet Brothers, TIN 06101838341 but these dealers did not show any sale to M/s Tisha Trading Co, Faridabad. Thus, it shown that Form VAT C-4 issued by selling dealer seems bogus and the Assessing Authority allowed ITC without

				verification of transaction from concerned Assessing Authorities.
M.L. Supplier Faridabad	06081340548	22505056	2953800	The selling dealer made purchases from M/s Shree Ram Trading Co, Faridabad TIN NO. 06031223060, who had not filed any returns during the year and other purchases made from M/s Tisha Trading Co, Faridabad TIN 06611224972, where all transaction of M/s Tisha Trading Co. were ingenuine.
Krishna Enterprises Faridabad	0632129155	21086636	2767616	As per online data of website 'HVAT' the selling dealer did not show any sale to the said dealer. Thus, it shows that ITC claimed against bogus VAT C-4 form.
Khusi Enterprises Gurugram	06091838880	4440241	582781	As per online data of website 'HVAT' the selling dealer made purchases M/s Chhonkar Trading Co. Mewat TIN 0616310927 who did not file any returns during the year. Thus, it shows that no tax was deposited in Government Accounts, so ITC was not allowable to this dealer.
Vaibhav Enterprises Faridabad	06361335738	4013392	526762	As per online data of website 'HVAT' the selling dealer shown their purchases from M/s Jay Pee Sales Corporation, Faridabad, TIN 6741338051 but the said dealer did not show any sale to M/s Vaibhav Enterprises, it shows that not tax deposited in was Government Accounts, so ITC was not allowable.
Jay Pee Sales Corporation, Faridabad (West)	06741338051	1782200	233913	As per online data of website 'HVAT' the selling dealer did not show any sale to this dealer during the year. It shows that ITC was claimed against bogus VAT C-4 form.
		74099435	9715519	

It shows that the dealer had claimed bogus ITC Rs 9725550/- on ingenuine purchases of goods worth of Rs 74099436/- Thus, penalty was to be levied for bogus claim of ITC. So, due to allowance inadmissible ITC on bogus purchases and non-levy of penalty under Section 38 of HVAT Act has resulted in under assessment of tax Rs 38902200- (Tax Rs 9725550/- and three times penalty of tax Rs 29176650- (9725550 x 3) The matter is referred to the Assessing Authority for required necessary action as per law under intimation to Audit and for comments. Audit has conducted test checked of records. So, similar other cases to be checked at your level and results may be intimated to audit.

#### **Audit Reply**

The para is not admitted. The dealer is engaged in the business of whole sale trading in building material and migrated in GST regime and canceled from 01.03.2018.

In compliance of the audit para the case is re-assessed by the then Assessing Authority vide D.No.642/2015-16/Re-Assessment dated 30.12.2019 and claim of ITC of Rs.9715519 already disallowed. As per re-assessment order passed by the then

Assessing Authority vide D. No. 642/2015-16/Re-assessment date 30.12.2019 proof and fact support actual purchase at the end of the purchaser. Hence penal action U/S 38 of HVAT Act 2003 is not attracted against the purchaser and ITC of these purchase cannot be disallowed. Hence, no penalty is levied. Further the dealer has filed an appeal against the reassessment order passed on dated 30.12.2019 before JETC appeal on 14.09.2021. Last date of hearing was 02.05.2023 and appeal is still pending before JETC Appeal. Further in this case DRC-07A has been issued to the dealer vide reference no ZD061022012594X on dated 14.10.2022. Further, on the order of penalty, the department has decided to file an appeal before JETC (Appeal) Faridabad.

**14. M/s Sharma Sales House, Faridabad(South),TIN 06821228300, A.Y. 2016-17**

As per Section 8(1) of HVAT Act 2003, input tax in respect of any goods purchased by a VAT dealer shall be the amount of tax actually paid to the State on the sale of such goods to him and shall in case of a dealer who is liable to pay tax under sub- section () of Section 3. Under Section 38 of HVAT Act penalty is leviable for submitting wrong documents to evade payment of tax.

The dealer is a trader of Woods. During scrutiny of the case, it was revealed that the dealer had purchased goods worth of Rs 23448090/- and claimed ITC Rs 1230963 /- (Scrutiny Report). However, while finalizing the assessment, the Assessing Authority also allowed the benefit of ITC on the basis of bills, but without verification of genuineness of transactions. During audit while cross verification of transactions, it was noticed that the dealer had allowed inadmissible ITC of Rs. 983660/- on in genuine purchases of goods worth of Rs 18736375/- made from following dealers as per details given below:-

Name of selling dealer	TIN No.	Value of goods purchases (shown in VAT C-4)	ITC Claimed	Remarks
K.R. Enterprises	06871222792	18736375	983660	The selling dealer falls under Enterprises, the jurisdiction of Assessing Faridabad Authority, Ward No.3 of same district and the AA disallowed all the ITC and the dealer did not pay any tax, it shows that was deposited in Government Accounts, so ITC was not allowable.

It shows that the dealer had claimed bogus ITC Rs 983660/- on in genuine purchases of goods worth of Rs 18736375/- Thus, penalty was to be levied for bogus claim of ITC. So, due to allowance inadmissible ITC on bogus purchases and non levy of penalty under Section 38 of HVAT Act has resulted in under assessment of tax Rs.3934640- (Tax Rs 983660/- and three times penalty of tax Rs 2950980- (983660x3), which was brought to the notice of the AA.

Test check of case file revealed that reasons were not found/placed on record for under assessment of tax. Such similar cases may be examined in detail and appropriate action may be taken as per HVAT Act 2003 under intimation to Audit.

In reply AA admitted the audit observation and stated that the case has been re assessed and tax and penalty has been levied.

#### **Audit Reply**

The audit para is admitted. The dealer is engaged in the business of whole sale trading in general merchandise and migrated in the GST regime under central jurisdiction and the GST No was suspended on 14.01.2023 and the firm is non tracable.

In reply to audit objection it is stated that in case of M/s Sharma Sales House, Faridabad (South) holding Tin 06821228300 for the assessment year 2016-17 has been taken in re-assessment and input tax credit amounting to Rs. 983660/- has been disallowed and penalty under section 38 of HVAT Act of Rs. 2950980/- (three times) has been levied vide order dated 30.12.2019. The recovery proceeding have been initiated against the dealer. Recovery notice have been issued to the dealer on 12.04.2023 and 19.04.2023. Summons have been issued to the dealer on 26.04.2023. The arrear has been declared under Punjab Land Revenue Act 1887 on 26.04.2023. Also notice to the surety of the said firm has been issued on 03.05.2023 and 14.08.2023. Efforts are being made to recover the arrear.

#### **15. M/s Mahesh Industries, Karnal, TIN 06592233686, A.Y. 2015-16**

##### **Audit Objection**

The Government of Haryana has amended the Section 8 of HVAT vide notification dated 21<sup>st</sup> September 2015 accordingly amended notification the Input tax in respect of any goods purchased by a VAT dealer shall be the amount of tax actually paid to the State on the sale of such goods to him and shall, in case of a dealer who is liable to pay tax under sub-section (1) of section 3 or, as the case may be,. The dealer is a trader. During test check of records of DETC (ST) Karnal for the assessment year 2018-19 it was revealed that as per official data/information available on www.haryanatax.com (MIS) the above dealer has shown purchases from the M/s Jai Durga Enterprises TIN 06732238653 Rs. 189050587/- and claimed/allowed ITC of Rs. 9925155/- in the returns (LP-7) filled by the dealer.

As per amended notification no ITC was allowable to the purchasing dealer as no tax actually paid to the State by the M/s Jai Durga Enterprises, as the case of selling dealer was assessed under Sub Section 4 of Section 15 of HVAT Act, 2003. According allowing wrong benefit of ITC has resulted in under assessment of tax of Rs. 9925155/-

Matter is brought to the notice of Assessing Authority for necessary action as per law. Similar nature of other cases may also be examined and suitable corrective action would be taken under intimation to Audit.

##### **Reply of Para**

In reply to audit it is submitted that the assessment case of M/s Mahesh Industries Pvt Ltd. holding TIN-06592233686 for the year 2015-16 has been decided by the Assessing Authority, Karnal vide disposal No. 1417/15-16, dated 18.03.2019 creating an additional demand of Rs. NIL under the HVAT Act, 2003 and Rs.2,15,43,788/- under the CST Act, 1956. The case has been sent to the Revisional Authority for taking suo motu action vide letter No.5966/ward-5, dated 03.01.2022. A

request vide letter no. 2114 dated 21.08.2023 is written to DETC (I), Karnal for early hearing. Notice has been issued for revision by the Revisional Authority Karnal on 22.08.2023 to the dealer for 4/9/2023. As and when the case is decided, the result will be intimated to the audit.

**16. M/s Best Food Limited, Karnal, TIN 06162226502, A.Y. 2015-16**

**AUDIT OBJECTION**

Under Assessment of tax due to allowing excess input tax credit effect Rs. 16.06 lakh.

Input Tax Credit is admissible on purchases of the dealer made from within the state after payment of tax and paid to the state by the selling dealer. The purchases/sale figures are to be adopted as per the books of accounts purchases/sale figures shown in return whichever is higher. However, the difference between purchases/sale as per books of accounts of accounts and as shown in the returns is reconciled properly, the same adopted/considered.

The dealer is engaged in business of manufacturing of Rice, and exporter of rice. During test check of records of the DETC (ST) Karnal it was revealed that while framing assessment in the case the AA had allowed ITC net ITC of worth Rs. 10176535/- (Rs.12996487-Rs.2819952 reversal on tax free and used in branch transfer). Further Scrutiny of the above of case file it was revealed that the dealer had claimed in VAT R-2 net ITC allowable to him of Rs.8570322. Thus, ITC claimed by the dealer was required to be accepted/restricted by the Assessing Authority as claimed by the dealer himself in VAT R-2. Accordingly, the AA had allowed excess benefit of ITC of Rs. 2111240/- (Rs. 10681562 – Rs. 8570322). Reason of allowing excess ITC were not available on the assessment case file. Accordingly, allowing excess ITC had resulted in under assessment of tax of Rs. 2111240/- besides interest.

**REPLY**

In reply to audit objection it is submitted that the assessment case of M/s Best Food Limited, Karnal holding TIN-06162226502 for the year 2015-16 was decided by the then Assessing Authority, Karnal vide disposal No. 1270/2015-16, dated 29.03.2019 creating an additional demand of Rs Nil/- (Tax Rs. Nil/-, Penalty Rs. Nil/- & Interest Rs Nil/-) under the HVAT Act, 2003 and Rs 318523702/- (Tax Rs 318523702/-, Interest Rs Nil/- & Penalty Rs Nil) under the CST Act, 1956 . In this connection it is stated that the assessment file of above said firm has been sent to DETC (Insp)-cum- Revisional Authority for Suo-Motu action vide letter no. 7171 dated 27.02.2020 and action is pending at the end of DETC(Inspection), Karnal. Request for early disposal of the revision case has been sent to the DETC (Inspection), Karnal vide letter number 2789/CC1/Karnal dated 08.01.2021 and a reminder has also been sent vide memo no. 6061 ETO-4/ dated 04.01.2022 and memo no. 2103/ dated 18.08.2023. A notice was issued to the dealer and case was fixed for 28.07.2022. Final reply will be submitted after decision of the Appellate Authority, Ambala.

**17. M/s Aggarwal Enterprises, Karnal, TIN 06082240029, A.Y. 2016-17****Audit Objection**

As amendment made in section 8 of HVAT Act, 2003, input tax credit will be allowable after verification of tax actually paid in Government treasury by the selling dealer. Further as per the provisions of Section 38 of HVAT Act, 2003 if a dealer has maintained/submitted false or incorrect accounts or documents with a view to suppress his sale/purchase or evade tax he is liable to pay penalty in addition to tax a sum thrice the amount of tax.

The dealer is a trader. Scrutiny of assessment case file it revealed that the dealer had shown purchases of goods worth Rs.52082524/- from M/s Sandeep Kumar Mohit Kumar TIN#06022240353 and claimed ITC of Rs.2604126/-. On being cross verification from official web portal of Haryana VAT department it was noticed that the selling dealer has not deposited any tax during the year. While finalising assessment of tax A.A. allowed the benefit of input Tax Credit without verification of purchases. Thus, due to allowing incorrect benefit of ITC has resulted into under assessment of tax Rs.2604126/- (Rs.52082524x5.00%) as well as three time penalty of Rs.7812378/- (Rs.2604126x3). Similar type of cases may also be examined in detail under intimation to Audit.

**Reply of Para**

In reply to the audit objection, it is submitted that the Assessment case for the year 2016-17 of M/s Aggarwal Enterprises was decided vide D.No. 1428 dated 08/01/2020 and created additional demand Rs. 2497/- under HVAT Act, 2003. The said demand was deposited on 16/08/2021 vide GRN 80751164. The file has been sent to Dy. Excise & Taxation Commissioner (Inspection)-cum-Revisonal Authority, Karnal vide memo no. 5852/ETO (W-8) dated 28.12.2021 for taking necessary suo moto action in this case. Lastly, the case was fixed for 19.10.2022 and after that the case has not been fixed till today in the court of DETC (Inspection), Karnal. The DETC (I), Karnal has been requested vide this office memo no. 2115/ETO(W-8), Karnal dated 21.08.2023 to decide the case at the earliest possible.

**18. M/s Jai Mata Trading Company, Karnal, TIN 06792239881, A.Y. 2016-17****Audit Objection**

As per the provision of Section 38 of HVAT Act 2003, if a dealer has maintained false or incorrect accounts of documents with a view to suppressing his sales, purchases, import into state, exports out of State, or stocks of goods, or has concealed any particular in respect thereof or has furnished to or produced before any authority under this Act or the rules made there under any account, return, document or information which is false or incorrect in any material particular, such authority may, after affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account, return, document of information, as the case may be, been accepted as true and correct.



The dealer is a trader. The case was decided under section 15(3) of HVAT Act, 2003. Scrutiny of above case file revealed that as per LP-7 filed online the dealer has shown purchases of goods worth Rs.61993350/- from cancelled dealers and claimed ITC of Rs.30099668/-. On being cross verification from official web portal of Haryana VAT department it was noticed that the status of selling dealers found as cancelled as tabulated below:-

Sr. No.	Name of the selling dealer	TIN	Rate of tax	Amount	Tax
1	Durga Traders	6731839013	5.00%	9582401	479120
2	GG Enterprises	6621835824	5.00%	7642630	382132
3	Infinity Corporation	6631834703	5.00%	11447552	572378
4	Honey Enterprises	6271947227	5.00%	12122648	606132
5	Sidhi Vinayak Trading Co.	6411941718	5.00%	2121716	106086
6	Unique Enterprises	6661934063	5.00%	19076403	953820
			<b>Total</b>	<b>61993350</b>	<b>3099668</b>

While framing assessment in the case the AA has allowed of Input tax Credit on purchase from cancelled dealer. Thus due to non reversal of ITC and non levy of penalty has resulted in under assessment of tax Rs.12398672/- (Tax Rs.3099668 (61993350X5.00%+Penalty Rs.9299004)] Similar cases where bogus ITC was claimed and penalty was not levied may also be examined in detail under intimation to Audit.

#### Reply of Para

The audit para is admitted. Proceeding u/s 17 of HVAT Act, 20003 for re-assessment has been finalized vide order no. 1H/2016-17 dated 13.07.2022 creating additional demand Rs. 1433627/- under HVAT Act, & proceeding started for imposing penal action under section 38. The notice has been issued to the dealer & the dealer has submitted reply. Regarding transportation of goods by some vehicles, the verification is to be made from the R.T.O offices and they have been requested to supply the requisite information which is still pending. Meanwhile, the dealer has preferred an appeal before the JETC (Appeal), Ambala. Final reply will be submitted after decision of the Appellate Authority, Ambala.

#### 19. M/s V.K Traders, Bahadurgarh, Jhajjar, TIN 06331710029, A.Y. 2016-17

##### AUDIT OBJECTION

As per amendment made by Haryana Ordinance 3 of 2015 by notification No. leg 9/2015 dated 03.08.2015 (2015) 51 PHT 163 in Section 8 of HVAT Act 2003, input tax credit will be allowable after verification of tax actually paid in Government accounts/treasury by the selling dealer. Further, as per the provisions Section 38 of HVAT Act 2003, if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales, purchases, imports into State, exports out of State, or stocks of goods, or has concealed any particulars in respect thereof or has furnished to or produced before any authority under this Act or the rules made there-under any account, return, document or information which is false or incorrect in any material particular, such authority may, after affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty, in addition to the tax to which he is

assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account, return, document or information, as the case may be, been accepted as true and correct.

The dealer is a trader. As per official date/information available on www.haryanatax.com (MIS) the above-mentioned dealer has shown purchases worth Rs. 34636648/- and claimed ITC of Rs. 1618886/- in the returns filled by the dealer. Further scrutiny of the case file it was revealed on web-site www.haryanatax.com the selling dealer has shown any sale during the year on the above dealer. Accordingly allowing ITC and non-levy of penalty under aforesaid provisions of the HVAT Act, 2003, for maintaining incorrect accounts and filing false information in quarterly returns along with (LP-7) and showing bogus purchases from the bogus dealer and try to claim/bogus ITC has resulted in under assessment of tax of Rs. 6465535/- (Rs. 1618886 ITC claimed X 3 time penalty of Rs. 484669/- + ITC of Rs. 1618886).

Matter is brought to the notice of Assessing Authority for necessary action as per Law.

#### **REPLY OF PARA**

In reference to the above audit objection it is stated that after satisfying with the objections raised by the audit party. The, then Assessing Authority has re-assessed the case under Section 17 of HVAT Act 2003. In the re-assessment framed by the then Assessing Authority, the ITC worth Rs. 4869283/- was disallowed and a penalty of Rs.14607846/- was levied under Section 38 of the HVAT Act 2003. Aggrieved by the impugned orders the dealer preferred as appeal before the Joint Excise & Taxation Commissioner Appeal Rohtak. The next date of hearing in the case has been fixed for 22.08.2023 and the final outcome will be informed in due course.

#### **20. M/s Anju Trading Company, Panipat, TIN 06922619807, A.Y. 2015-16**

##### **AUDIT OBJECTION**

As per Haryana Govt. Law and Legislative department's notification No. Leg. 22/2015 dated 15.09.2015, the provisions under Section-2 (II) (W) "input tax" means the amount of tax actually paid to the State in respect of goods sold to a VAT dealer, is allowed to take credit of as actually payment of tax by him, calculated in accordance with the provisions of section 8. Further as per provisions of Section 38 of HVAT Act 2003, if a dealer has maintained false or incorrect accounts or incorrect accounts or documents with a view to suppressing his sales, purchases, imports into State, exports out of State, or stocks of goods, or has concealed any particulars in respect thereof or has furnished to or produced before any authority under this Act or the rules made there-under any account, return, document or information which is false or incorrect in any material particular, such authority may, after affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account, return, document or information, as the case may be, been accepted as true and correct.

The dealer is a trader. During scrutiny of the case file it is noticed that (the dealer has shown purchases goods worth Rs. 33105138/- (as per Annexure) and claimed input tax credit for Rs. 1738020/- which was allowed by the AA while framing final

assessment of the case. When online verification made by the Audit on [www.haryanatax.gov.in](http://www.haryanatax.gov.in), first two selling dealers were cancelled and third one has not shown any sale to the above purchasing dealer, hence, the dealer was liable to penal action according to the above said provisions but the AA allowed inadmissible benefit of ITC on purchases.) With the result of this additional tax and penalty is under assessed for Rs. 6952080 ( $33105138 \times 5.25/100 = 1738020$  plus three times penalty = 5214060) which is brought to the notice of the AA for taking suitable action as per sales tax law.

In case non submissions of reply within three days it will be assumed that the audit objection has been accepted by the AA.

#### Annexure

Name of the selling dealer from whom the inadmissible benefit of Input tax credit has been claimed by the purchasing dealer M/s Anju Trading Co. TIN-06922619807.

Sr. No.	Name of firm	Name of the quarter returns VAT R-1				Remarks
		1st	2 <sup>nd</sup>	3 <sup>rd</sup>	4th	
1	Shri Shyam Traders 06822625294	5012800	3883528	Nil	Nil	Cancelled
2	Durga Traders, 06422624835	17128560	Nil	Nil	Nil	Cancelled
3	SK International 06312626302	Nil	Nil	7080250	Nil	Sale not shown in LS-9 (Nil Returns)
	<b>Total</b>	<b>22141360</b>	3883528	7080250	Nil	G.Total=33105138

#### REPLY OF PARA

In reply to Audit Para, it is to inform you that the original Assessment was framed by the then Assessing Authority vide D.No. 51 dt. 11.07.2017 and no demand was created. Thereafter, the original Assessment file was sent to the Revisional Authority by the then Assessing Authority vide letter no. 6965 dt. 29.10.2019. A letter had been received in undersigned's office along with Assessment file from the then Revisional Authority vide letter no. 6/Asstt. dt. 30.12.2019 for seeking information regarding LS-9 of sellers. Further, the original Assessment file along with summary of LS-9 and detailed reasons for Suo-Moto action was again sent to Revisional Authority vide letter no. 2295 dt. 06.05.2021. Further, the original Assessment file was received from the Revisional Authority with the remarks that the Assessment of M/s Anju Trading Co was a deemed assessment, therefore Suo-Moto proceedings in deemed case can not be initiated.

In this regard a detailed notice u/s 17 of HVAT, Act 2003 along with VAT N-3 was issued and served upon the dealer through substitute service for re-assessment and penal proceeding u/s 38 of HVAT, Act 2003 for dt. 03.12.2021. Further, many notices have been issued and served upon the dealer through substitute service for dt. 23.12.2021, 13.01.2022, 27.01.2022 & 08.02.22. Further, the Re-assessment was framed vide order no. 6/08.02.2022 as ex-parte by creating an additional demand of

Rs. 8563826 (interest u/s 14 (6) of Rs. 1674883 and penalty u/s 38 of Rs. 5214060) under HVAT, Act 2003 and Rs. 7152 under CST, Act 1956. Further, the proprietor of the firm has expired hence nil amount has been recovered till date and recovery notices to both the sureties M/s Harsh Enterprises holding TIN-06602613193 vide letter no. 1660 dt. 21.03.2022 and M/s Jyoti Enterprises holding TIN-06982614439 vide letter no. 1659 dt. 21.03.2022 have been issued. Furthermore, M/s Harsh Enterprises and M/s Jyoti Enterprises have given surety amount of Rs. 200000 each. Subsequently, M/s Harsh Enterprises is found to be cancelled and not traceable and ITC of Rs. 38652/- under CGST Act has been blocked of M/s Jyoti Enterprises on dt. 22.06.2023. Further, letter to the Tehsildar, Municipal Corporation and Estate Officer have been sent vide letter no. 1957-1959 dt. 28.07.2023 and reminder letter no. 2147-2149 dated 24.08.2023 for seeking information about immovable property of the Proprietor of the firm or the said property transfer to his/its legal heir. Intimation of recovery will be intimated later on.

**After hearing the departmental representatives, the Committee has observed that in compliance of the Act, verification has not been done for which responsibility of the defaulting officers/officials be fixed; the cases pending in appeal be concluded in a time bound manner and recovery be expedited under intimation of the Committee.**

**[5] 2.5 Non levy of penalty:**

**Assessing Authorities, disallowed inadmissible Input Tax Credit for bogus purchases/inter State sales to five dealers but did not levy prescribed penalty of ₹ 24.66 crore:**

Under Section 38 of the HVAT Act, if a dealer has maintained false or incorrect accounts or documents with a view to suppress his sales, purchases, imports into State, export out of State, or stocks of goods, or has furnished to or has concealed any particulars in respect thereof or has furnished to or produced before any authority under this Act or rules made there under any account, return, document or information which is false or incorrect in any material particular, such authority may, after affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account, return, document or information as the case may be, been accepted as true and correct.

Scrutiny of records of 9,953 cases out of 38,455 cases (between July 2019 and January 2021) revealed that in eight cases of five dealers of the offices of DETCs (ST) Gurugram (North), Karnal and Sonipat assessed for the years 2015-16 and 2016-17 had overstated their purchases/sales amounting to ₹ 78.20 crore and claimed inadmissible ITC on account of bogus purchases/inter State sales. AAs, while finalising the assessments (between January 2019 and February 2020), disallowed ITC/levied tax but failed to levy penalty under Section 38 of HVAT Act. This resulted in non levy of penalty of ₹ 24.66 crore.

On this being pointed out, AAs Gurugram (North) and Sonipat intimated (February 2022) that additional demands of ₹ 3.05 crore had been created in respect of penalty levied/imposed in five cases and notices had been served on the dealers. In remaining three cases of Gurugram (North) and Karnal, proceedings had been initiated, case was under examination and sent to DETCs

(I) for taking *suo moto* action.

During exit conference held in March 2022, the Department admitted the audit observations.

The Department may ensure putting in place, systems and procedures to ensure levy of penalty in cases of suppression detected by the Department.

**The department in its written reply stated that as under: -**

TOTAL DEALER = 5

**1. M/s J.K Trading Company, Sonapat, TIN 06573019979, A.Y.2015-16**

**Audit Objection**

As per the provisions of section 38 of HVAT Act 2003, if a dealer has maintained false or incorrect accounts or documents with a view of suppressing his sales, purchases, imports into State, exports out of State, or stocks of goods, or has concealed any particulars in respect thereof or has furnished to or produced before any authority under this Act or the rules made there-under any account, return, document or information which is false or incorrect in any material particular, such authority may, after affording such dealer a reasonable opportunity of being him to pay by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax which would have been avoided had such account, return, document or information, as the case may be, been accepted as true and correct.

The dealer is a trader. As per official data/information available on [www.haryanatax.com](http://www.haryanatax.com) (MIS) the above mentioned dealer has shown purchases worth Rs. 36544013/- and claimed ITC of Rs. 4272526/- in the returns filled by the dealer. Further scrutiny of the case file it was revealed on web/site [www.haryanatax.com](http://www.haryanatax.com) the selling dealers have show NIL sale made to this dealer. However, while framing assessment in the case AA has disallowed ITC worth Rs. 4272526/- but failed to levy penalty under aforesaid provisions of the Act for showing bogus purchases, incorrect maintenance of records and bogus claim of ITC. Accordingly, non levy of penalty has resulted in under assessment of tax of Rs. 12817578/- (Rs. 4272526 tax effect x 3 time penalty = Rs. 12817578/-)

**Reply of Para**

In reply to audit para, it is submitted that the assessment has been framed vide disposal no. 1258 dated 22.03.2019 and created an additional demand worth Rs. 4240791/- under HVAT Act, 2003. While finalizing assessment, it was ordered by the Assessing Authority to issue VAT N-3 for levy of penalty under section 38 of HVAT Act, 2003. The penalty has been levied vide order no. 80-A dated 06/11/2020 and created additional demand worth Rs. 12817578/- u/s 38 of HVAT Act, 2003. Further, Firm is not migrated in GST and firm has been closed. Copy of order alongwith TDN served upon the dealer. Letters were written to both the sureties to recover the surety amount but both firms found to be non traceable. Again notice for arrear No. 250/TI/W-8/dated 25.07.2022 issued to the firm but firm found to be non –exist. So, arrear under Punjab Land Revenue Act, 1887 was declared on 08.08.2022 and summons issued to the firm on 30.08.2022. Now a letter has been written to the Executive Magistrate/Tehsildar

Sonepat on dated 10.04.2023 with request to supply the details of immoveable properties owned by the firm/proprietor. Efforts are being made to recover the said amount. Further, firm is not migrated in GST and firm has been closed.

## **2. M/s S.A Trader Impex, Gurugram (North), TIN 06591945984, A.Y.2015-16**

### **Objection - 1**

As per the provisions of section 38 of HVAT Act 2003 if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales, purchases, out of state, or has concealed any particulars in respect thereof or has furnished or produced before any assessing authority under this act or the rules made there under any account, return, documents of information which is false or incorrect in any material to pay by way of penalty in addition to the tax to which he is assessed a sum thrice the amount of tax which would have been avoided had such account.

The dealer is a trader, Scrutiny of the case file of the dealer revealed that as per R-1 scrutiny details report of the dealer, dealer has shown inter State sales to M/s Padam Trading Com. ( TIN 08424752400) and M/s P. A. Exports, TIN 08501667756 totalling to Rs.259643277/ of tobacco and claimed concessional rate of tax in his R-2 . On verification conducted by Audit, it was found that Registration certificate of both the purchasing dealers M/s Padam Trading Co. and M/s PA Exports had been already cancelled by the concerned department. It proves that dealer had made fraudulent claims by shown sales to already cancelled dealers to avoid his tax liability. The Assessing Authority while Framing assessment has not allowed any ITC but failed to levy of penalty under section 38 of the HVAT Act. Thus, non-levy of penalty for fraudulent claim of interstate sale resulted in under assessment of tax of Rs. 163575264/ (54525088/ 3 times of tax.). Matter is brought to the notice of AA for necessary action as per law.

### **Reply: -**

In reply to Audit Para, it is submitted that M/s S.A. Trade Impex Gurugram holding (TIN 06591945984) was engaged into the business of Trading of Tabacco Products. The original assessment in this case was framed by the then Assessing Authority vide D.No.690 dated 25.3.2019 and created the additional demand as under: -

Particulars	VAT	CST	Total
Tax	NIL	44062892/-	44062892/-
Interest	Nil	36131571/-	36131571/-
Penalty	NIL	NIL	NIL
Total	Nil	80194463/-	80194463/-

The firm is closed and not migrated in GST regime.

The Audit team has pointed out that while framing the assessment the Assessing Authority has not allowed the ITC but failed to levy penalty u/s 38 of the HVAT Act, 2003 which resulted in under Assessment of Tax of Rs.163575264/-

In reply to this, the Audit Para is admitted. It is further submitted that the penalty proceedings have been finalized and order u/s 38 of the HVAT Act 2003 was issued and a penalty of Rs.163575264/- was imposed.

Recovery proceedings have also been initiated against the dealer. Recovery Notices issued to the dealer on dated 14.10.2021, 10.02.2022, 07.07.2022 and 20.07.2022. The arrear has been declared as an arrear recoverable under Punjab Land Revenue Act, 1887. Accordingly, Letters also sent to Tehsildar & Commissioner, Municipal Corporation, Gurugram vide letter No.116 dated 10.3.2023 and letter No. 117 dated 10.03.2023 to seek the information about the properties. No reply has been received. Reminders have been issued vide letter no. 119 and 120 dated 28.07.2023. The reply is still awaited. Sincere efforts are being made to recover the outstanding dues.

#### **Objection- 2 :-**

As per the provisions of section 38 of HVAT Act 2003 if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales, purchases, out of state, or has concealed any particulars in respect thereof or has furnished or produced before any assessing authority under this act or the rules made there under any account, return, documents of information which is false or incorrect in any material to pay by way of penalty in addition to the tax to which he is assessed a sum thrice the amount of tax which would have been avoided had such account,

The dealer is a trader, Scrutiny of the case file of the dealer revealed that as per R-1 scrutiny details report of the dealer, dealer has shown inter State sales to M/s Padam Trading Com. (TIN 08424752400) and M/s P. A. Exports, (TIN 08501667756 sale Rs.36733739+13086245) and M/s Rajesh Traders (TIN -09158901775 sale Rs. 34310856 totalling to Rs. 293954133 of tobacco. But dealer has show total sale Rs. 209823293/- in his R-2 return. Hence dealer has suppressed his sales to avoid his tax liability. While framing assessment, the Assessing Authority has assessed the case at the GTO of Rs. 209823293/- instead of 293954133. Thus, assessing the case on less GTO resulted in under assessment of tax of Rs. 17667476/- (84130840\*21%)

Matter is brought to the notice to Assessing Authority for necessary action as per law.

#### **Reply:-**

In reply to Audit Para, it is submitted that M/s S.A. Trade Impex, Gurugram holding (TIN 06591945984) was engaged into the business of Trading of Tobacco Products. The original assessment in this case was framed by the then Assessing Authority vide D.No.690 dated 25.3.2019 and created the additional demand as under: -

Particulars	VAT	CST	Total
Tax	NIL	44062892/-	44062892/-
Interest	Nil	36131571/-	36131571/-
Penalty( 3 times of tax)	NIL	NIL	NIL
Total	Nil	80194463/-	80194463/-

The firm is closed and not migrated in GST regime.

The Audit team has pointed out that the dealer has suppressed his sales to avoid tax liability and the Assessing Authority has assessed the case at the Short GTO which resulted in under Assessment of Tax of Rs.17667476/-.

In reply to this, the Audit Para is admitted. It is further submitted that the penalty proceedings have been finalized and order u/s 38 of the HVAT Act 2003 was issued and a penalty of Rs. 17667476/- was imposed.

Recovery proceedings have also been initiated against the dealer. Recovery Notices issued to the dealer on dated 14.10.2021, 10.02.2022, 07.07.2022 and 20.07.2022. The arrear has been declared as an arrear recoverable under Punjab Land Revenue Act, 1887. Accordingly, Letters also sent to Tehsildar & Commissioner, Municipal Corporation, Gurugram vide letter no.116 dated 10.3.2023 and letter No. 117 dated 10.03.2023 to seek the information about the properties. No reply has been received. Reminders have been issued vide letter no. 119 and 120 dated 28.07.2023. The reply is still awaited. Sincere efforts are being made to recover the outstanding dues.

### **3. M/s M.S Trading Company, Gurugram (North), TIN 06131944200, A.Y. 2015-16**

#### **Audit Objection:-**

Section 5(3), 6A and 8(4) of the CST Act, 1956 provides for levy of nil/concessional rate of tax on sale made against declaration forms H, F and C respectively. Under Section 38 of the HVAT Act, Penalty is liable for submitting wrong documents to evade payment of tax.

The dealer is trader of Motor Vehicles Parts. During test check of assessment case, it revealed that the dealer claimed Inter-State consignment sale of goods worth Rs.127199525/- without declaration form 'F'. While finalizing the assessment, the AA had levied tax on said sale. However, during audit on cross verification of status of purchasing dealers from website 'DVAT' of Department of Trade and taxes, Government of NCT of Delhi and website 'TINXSYS', it was noticed that two dealer were found cancelled by the Department of Trade and taxes, Government of NCT of Delhi and Department of Trade and taxes, Maharashtra respectively, before transaction period. It shows that the dealer had made in genuine/bogus transactions to evade the tax. Detail is given below:

Name of the purchasing	TIN	Amount	Status
S.C Overseas	07736900699	84028230	R.C found cancelled w.e.f. 05.05.2014 on DVAT
S.K Trading Co	27511067880	21655620	R.C found cancelled as per website TINXSYS

Thus, interstate consignment sale of the dealer seem to be ingenuine/bogus and doubtful. Thus, penalty was to be leviable under Section 38 for doubtful/bogus interstate consignment sale valuing of Rs.105683850/- for non-existing /cancelled dealer. So, non-levy of Penalty has resulted in under assessment of tax Rs.41613015/- (Tax Rs.105683850x 13.125% = 13871005x3).

The matter is brought to the notice of AA for taking suitable action as per law of HVAT Act, 2003 under intimation to Audit.

#### **Reply :**

In reply of the Audit Para, It is submitted that M/s M.S. Trading Co. Gurugram (TIN-06131944200) was engaged in the business of Trading of Synthetic Rubber, Motor



Vehicles Parts. The original assessment in this case was framed by the then Assessing Authority U/s 15(5) of the HVAT Act, 2003 on dated 27.12.2018 vide disposal No.849/2015-16 and created an additional demand of Rs.3763849/- (Tax – 3763849, Interest – 0, Penalty – 0) under HVAT Act,2003 and Rs. 17150654/- (Tax – 17150654, Interest – 0, Penalty – 0) under CST Act, 1956. Copy of order was duly served upon the dealer. The firm is not migrated to GST regime and is closed now.

The audit has pointed out that the dealer has made interstate consignment transactions from the ingenuine/bogus dealers of the Delhi and Maharashtra and penalty was to be leviable for doubtful/ bogus interstate consignment sale valued Rs.105683850/- from non-existing/cancelled dealers.

**The Audit Para is admitted.**

In reply to this Audit Para, it is submitted that Re-Assessment Proceedings has been initiated against the dealer by issuing notice 02-09-2019 to the dealer.. Further, a detailed notice for re-assessment was issued for dated 10-07-2023 and last & final notice for dated 10-08-2023 was issued to the dealer.

The case is under examination and the final result will be communication to the Audit after decision of the case.

**4. M/s Zeus & Company, Gurugram (North), TIN 06051943177, A.Y. 2015-16**

**Audit Para**

As per section 14(6) of HVAT Act, 2003 if a dealer fails to make payment of tax in accordance with the provisions of the Act and the rules made there under, he shall be liable to pay, in addition to the tax payable by him, simple interest @ 1% per month if the payment is made within 90 days from the last date specify for the payment of tax, but if the default continuous thereafter he shall be liable to pay simple interest @2% per month for the whole of the period from the last date specified for the payment of tax to the date he makes the payment.

The dealer is a Trader. During the scrutiny of the case of the dealer it was noticed that the Assessing authority had created an additional demand of Rs. 20914503/- (under HVAT act Rs.19995279/- and under CST Act Rs. 314954/-). However, while finalizing the assessment the Assessing Authority had failed to levy interest on due tax. Thus, due to non levy of interest has resulted into under assessment of tax of Rs.15841982/- (20310233 x 2% x 32 months)

The matter is brought to the notice of the Assessing authority for taking suitable action as per sales tax law.

**Audit Reply**

In reply of the Audit Para, It is submitted that M/s Zeus & Company, Gurugram (TIN- 06051943177) was engaged into the business of Trading of Soft Drinks at Gurugram. The original assessment in this case was framed by the then assessing authority U/s 15(5) of the HVAT Act, 2003 on dated 24.01.2019 vide disposal No. 523/2015-16 and created an additional demand of Rs. 19995279/- under HVAT Act,2003 and Rs. 314954/- under CST Act, 1956. Copy of order has duly been served upon the dealer.

The dealer has not migrated into GST Regime and now the firm is closed.

The Audit has pointed out that under assessment of tax due to non-levy of interest.

**In reply to this, the Para is admitted.**

It is further submitted that the interest under section 14(6) of the HVAT Act, 2003 of Rs. 15596317/- and of Rs. 245665/- under CST Act has been levied. Recovery proceedings have also been initiated against the dealer. Letter also sent to the Branch Manager, HDFC Bank, Model Town, Sonapat for encashment of Bank Guarantees which were given at the time of registration in favour of Assessing Authority Gurugram (North). Now, letter again sent to the Bank Authorities for encashment of Bank Guarantees and the Bank Authorities informed that the matter is under examination in the legal cell of HDFC Bank.

Sincere efforts are being made to recover the outstanding amount.

**5. M/s Fast Track Communication Pvt. Ltd., Karnal TIN 06862234362, A.Y. 2016-17**

**Audit Objection**

As per provisions of section 14(6) of HVAT Act, 2003, if a dealer fails to make payment of tax in accordance with the provisions of the act and the rules made there under, he shall be liable to pay in addition to the tax payable by him simple interest at one percent per month if the payment is made within ninety days from the last date specified for the payment of tax, but if the default continues thereafter, he shall be liable to pay simple interest at two percent per month for the whole of the period from the last date specified for the payment of tax to the date he makes the payment.

The dealer is trader of mobile phones, Scrutiny of case file revealed that the dealer has not deposited as per the returns filed by him. As while framing assessment in the case raised demand of Rs. 5757650/- and levied short interest. Thus due to levy of short interest has resulted into under assessment of tax of Rs. 895055/- (Rs. 5457650 X 2% X 40 months from 11/2016 to 02/2020 = Rs. 4336120/- 3471065 interest levied). Similar cases where short interest was levied may also be examined in detail under intimation of Audit.

**Reply of Para**

In reply to audit, it is submitted that the assessment case of M/s Fastrack Communication, Karnal holding TIN 06862234362 for the year 2016-17 was decided ex-parte vide disposal No.1638 dated 11.02.2020 and additional demand of Rs. 8928715/- was created (Tax Rs. 5457650/-, Interest Rs. 3471065/-) under HVAT, 2003 and Rs. 149306/- (Tax Rs. 91263/- and Interest Rs. 58043/-) under CST Act, 1956. The dealer is trading in Mobile Phones & Accessories. The case is sent to DETC(I), Karnal vide letter No. 3531 dated 20.09.2021 for taking suo-moto action. Final reply to the audit will be given after decision of the Revisional Authority.

**After hearing the departmental representatives, the Committee has observed that assessment has not been done in time for which responsibility of the defaulting officers/officials be fixed; the cases pending in assessment be concluded in a time bound manner and recovery be expedited under intimation of the Committee.**

**[6] 2.6 Underassessment due to allowing exemptions against 'F' forms and 'C' forms:**

Assessing Authorities, while finalising the assessments allowed incorrect exemption of branch transfers/consignments worth ₹ 70.05 crore to 17 dealers, which resulted into non levy of tax of ₹ 3.94 crore. In addition, penalty of ₹ 11.82 crore was also leviable.

Section 6 (A) (1) of Central Sales Tax Act, 1956 provides that where any dealer claims that he is not liable to pay tax under this Act, in respect of any goods, on the ground that the movement of such goods from one State to another was occasioned by reason of transfer of such goods by him to any other place of his business or to his agent or principal, as the case may be and for this purpose he may furnish to the AA a declaration in Form 'F' duly filled and signed by the principal officer of the other place of business, or his agent or principal. Under section 38 of the HVAT Act, three times penalty is leviable for submitting wrong documents to evade payment of tax. Government of Haryana issued instructions on 14 March 2006 and 16 July 2013 for verification of intra-state and inter-state transactions of more than one lakh rupees before allowing the benefit of tax concession to the dealers. Further, Government of Haryana had in January 2018 issued Standard Operative Procedure to be followed by Assessing Authorities towards verification of the relevant 'Form C' and 'Form F' from the concerned State Tax Authorities and also directed that where verification is not received within six months from the date of assessment order or from the date of dispatch of verification letter whichever is later, Assessing Authorities should levy tax and penalty as provided in HVAT Act or Rules.

Scrutiny of the records of 9,614 cases out of 34,472 cases (between June and December 2018) revealed that 12 dealers in the offices of five DETC (ST)<sup>5</sup> claimed exemption on their branch transfers/consignment sales amounting to ₹ 62.88 crore to five firms situated in Rajasthan and Delhi for the years 2014-15 and 2015-16. In support of the claims, the dealers filed 63 'F' forms<sup>6</sup> obtained from their respective branches/agent located in Rajasthan and Delhi. The concerned AAs finalised the assessment between June 2015 and March 2018 and allowed the exemptions based on the declarations filed but did not carry out the verification provided in the above referred instructions.

Audit referred these 63 'F' forms to concerned authorities of Rajasthan and Delhi for verification. The Department of Trade and Taxes, Government of NCT Delhi intimated that 53 forms of 11 cases was declared cancelled due to non-functioning of the dealers at registered address. Concerned Authorities of Rajasthan intimated that 10 forms pertained to one case where registration of firm stood cancelled, were declared bogus. Thus, allowing the benefit of consignment sale against invalid 'F' forms by AAs, resulted in under assessment of tax of ₹ 3.14 crore. In addition, penalty of ₹ 9.43 crore was also leviable.

On this being pointed out, the AA Ambala intimated (February 2022) that six cases had been sent to DETC for suo moto action and in 12 cases, additional demand of ₹ 36.01 lakh had been created. The AA Faridabad (North) intimated (February 2022) that 10 cases were under revision under Section 34 (1) of HVAT Act. The AA Shahbad intimated (February 2022) that in seven cases, letters had been issued to the concerned

authorities for verification. The AAs Ambala, Kaithal and Kurukshetra intimated in February 2022 that in 28 cases, the registration certificates of the dealers had already been cancelled.

(B) Section 8 (4) of the CST Act, provides that concession under sub section (1) shall not apply to any sale in the course of inter-State trade or commerce unless the dealer selling the goods furnishes to the AA, a declaration duly filled and signed by the registered dealer to whom the goods are sold containing the prescribed particulars in a prescribed form obtained from the prescribed authority. Further, Section 38 of the HVAT Act, provides for penal action (three times of tax avoided/benefit claimed) for claims on the basis of false information and incorrect accounts or tax. Further, the Government of Haryana issued instructions in March 2006 and July 2013 requiring verification of the claims involved in case of transactions of more than ₹ one lakh. As per the Standard Operative Procedure (SoP) (January 2018) in cases, where verification report is not received within six months from the date of assessment order or from the dispatch of verification letter whichever is later, the AA should levy tax and penalty as provided in the HVAT Act or Rules.

Scrutiny of records of 6,326 cases out of 27,715 cases (between January and September 2020) revealed that five dealers<sup>7</sup> in 11 cases of in the office of four DETCs (Sales Tax) for the years 2014-15 to 2016-17 claimed concessional rate of tax on their inter-State sales amounting to ₹ 7.17 crore. In support of the claims, the dealers submitted 11 'C' forms<sup>8</sup>. The concerned AAs finalised the assessments between March 2018 and December 2019 and allowed the concessional rate of tax against the declaration forms filed without verification as per the above referred instructions.

Audit referred these forms to the concerned authorities for verification. On Verification of forms by the State Tax Officer of National Capital Territory (NCT) of Delhi and Rajasthan (between December 2018 and February 2020), it was found that the forms had already been cancelled or not issued to the selling dealers, firms were declared bogus or registration had already been cancelled due to suspicious activities, firms were not found functioning, forms were downloaded by non-existent firms, dealers were not genuine and their certificates were declared cancelled. Thus, allowing concessional rate of tax, without due verification resulted in under assessment of ₹ 0.80 crore. In addition, penalty of ₹ 2.39 crore was also leviable.

On this being pointed out, all the DETCs (ST) intimated (February 2022) that in four cases, re-assessment notice had been issued to the dealer, in five cases letter for verification had been sent to the concerned officer and two cases were sent to DETC-cum-RA for suo moto action.

During exit conference held in March 2022, the Department admitted the audit observations.

The Department may ensure stringent enforcement of its instructions for grant of concession in course of intra-State and inter-State sales/movement after due verification.

**The department in its written reply stated that as under: -**

TOTAL DEALER = 17

# 1. M/s Mahesh Agro Foods, Ambala, TIN 06681042706, A.Y. 2014-15

## Audit Objection

Section 6 (A) (1) of CST Act provides that where any dealer claims that he is not liable to pay tax under this Act on the ground that the movement of such goods from one State to another was occasioned by reason of transfer of such goods by him to any other place of his business or to his agent or principal, for this purpose he may furnish to the assessing authority a declaration in Form 'F' signed by the principal officer of the other place of business, or his agent or principal. Further, section 38 of HVAT Act, provides for penal action (tax avoided/benefit claimed and three times penalty) for claims on the basis of false information and incorrect accounts or documents etc. The Government of Haryana had issued instructions on 14 March 2006 and 16 July 2013 for verification of intra-State or inter-State transactions of more than one lakh rupees before allowing the benefit of tax/concession to the dealer.

The dealer deals in Rice. Scrutiny of the case assessment file revealed that the dealer had claimed exemption on consignment sale/stock transfer of Rice worth Rs.33548209/- to Delhi dealer M/s Tek Chand Rakesh Kumar Delhi TIN 07460386764. In support of the claim, the dealer filed 'F' forms obtained from this dealer. The Assessing Authority, while finalising the assessment allowed the exemption based on the declarations filed, without verification as per instructions ibid.

On verification by audit on [dvt.gov.in](http://dvt.gov.in) (official website of Department of Trade & Taxes Government of Delhi), it was observed that the above dealer found non-existent and registration of this firm had been cancelled with effect from 08/11/2010 (prior to stock transfer). Thus allowing the benefit of consignment sale/stock transfer against invalid Forms 'F' by the AA resulted in non levy of tax of Rs. 16.77 Lakh besides penalty of Rs. 50.32 lakh U/s 38 of HVAT Act, 2003 as detail below:-

F' Form No.	Period	Amount	Tax effect(@5%)	Penalty Leviable U/s 38	Total
334662860515	Jan-15	1634344	81717	245152	326869
12334662870515	Feb-15	3822927	191146	573439	764585
12334662880515	Mar-15	859717	42986	128958	171943
12334561200515	Apr-14	8617918	430896	1292688	1723584
12334561210515	May-14	7702175	385109	1155326	1540435
12334561220515	Jun-14	2369708	118485	355456	473942
12334646540515	Aug-14	1963326	98166	294499	392665
12334646550515	Sep-14	4797884	239894	719683	959577
12334655680515	Oct-14	1780210	89011	267032	356042
	<b>Total</b>	<b>33548209</b>	<b>1677410</b>	<b>5032231</b>	<b>6709642</b>

## Reply of Para

In reply to the audit objection it is submitted that the original assessment in the case was framed by the then Assessing Authority vide D.No. 1031 dated 28.02.18 wherein an additional demand of Rs.44,304/- was created under HVAT Act, 2003.

The audit party raised the objection that on verification by audit on [dvt.gov.in](http://dvt.gov.in) (official website of Department of Trade & Taxes Government of Delhi), it was observed

that the above dealer found non-existent and registration of this firm had been cancelled with effect from 08/11/2010 (prior to stock transfer). Thus allowing the benefit of consignment sale/stock transfer against invalid Forms 'F' by the AA resulted in non levy of tax of Rs. 16.77 Lakh.

In reply to the Audit objection, it is intimated that the form F of Rs. 3,35,48,209/- issued by M/s. Tek Chand Rakesh Kumar Delhi, TIN 07460386764 allowed by AA after due verification from tinxsys.com But as per the information provided by audit team that this above mentioned firm has been cancelled from 08.11.2010. as per (official website of Department of Trade & Taxes Government of Delhi). Accordingly, a letter has been issued to concerned state tax authority for verification of statutory forms and the case been sent to the Deputy Excise & Taxation Commissioner-cum-Revisional Authority, Ambala for suo-moto action and decided the case vide order dated 26.11.2021 and created an additional demand of Rs.16,77,410/- . A TDN N4 issued to the dealer.

Now the dealer has filed an appeal with Hon'ble Haryana Tax Tribunal which is pending adjudication. The final reply will be submitted after decision of Haryana Tax Tribunal as and when received. .

## **2. M/s Bhagwati Traders, Ambala, TIN 06371032365, A.Y. 2014-15**

### **Audit Objection:-**

Section 6 (A) (1) of CST Act provides that where any dealer claims that he is not liable to pay tax under this Act on the ground that the movement of such goods from one State to another was occasioned by reason of transfer of such goods by him to any other place of his business or to his agent or principal, for this purpose he may furnish to the assessing authority a declaration in Form 'F' signed by the principal officer of the other place of business, or his agent or principal. Further, section 38 of HVAT Act, provides for penal action (tax avoided/benefit claimed and three times penalty) for claims on the basis of false information and incorrect accounts or documents etc. The Government of Haryana had issued instructions on 14 March 2006 and 16 July 2013 for verification of intra-State or inter-State transactions of more than one lakh rupees before allowing the benefit of tax/concession to the dealer.

The dealer deals in Rice & Edible Oil. Scrutiny of the case assessment file revealed that the dealer had claimed exemption on consignment sale/stock transfer of Rice worth Rs.27802450/- to Delhi dealer M/s Tek Chand Rakesh Kumar Delhi TIN 07460386764. In support of the claim, the dealer filed 'F' forms obtained from this dealer. The Assessing Authority, while finalising the assessment allowed the exemption based on the declarations filed, without verification as per instructions ibid. On verification by audit on dvat.gov.in (official website of Department of Trade & Taxes Government of Delhi), it was observed that the above dealer found non-existent and registration of this firm had been cancelled with effect from 08/11/2010 (prior to stock transfer). Thus allowing the benefit of consignment sale/stock transfer against invalid Forms 'F' by the AA resulted in non levy of tax of Rs. 13.90 Lakh besides penalty of Rs. 41.70 lakh U/s 38 of HVAT Act, 2003 as detail below:-

F' Form No.	Period	Amount	Tax effect (@5%)	Penalty Leviable U/s 38
12334561270515	May 2014	744670	37234	111701
12334561280515	June 2014	6925091	346255	1038764

12334647520515	September 2014	3002132	150107	450320
12334655620515	October 2014	2827161	141358	424074
12334655630515	November 2014	7701335	385067	1155200
12334655640515	December 2014	6602061	330103	990309
	<b>Total</b>	<b>27802450</b>	<b>1390123</b>	<b>4170368</b>

**Reply of Para:-****Para Admitted:**

In reply to the audit objection it is submitted that the original assessment in the case was framed by the then Assessing Authority vide D.No. 1385 dated 08.03.18 wherein an additional demand of Rs.7,50,799/- was created under HVAT Act, 2003.

The audit party raised the objection that on verification by audit on [dvtat.gov.in](http://dvtat.gov.in) (official website of Department of Trade & Taxes Government of Delhi), it was observed that the above dealer found non-existent and registration of this firm had been cancelled with effect from 08/11/2010 (prior to stock transfer). Thus allowing the benefit of consignment sale/stock transfer against invalid Forms 'F' by the AA resulted in non levy of tax of Rs. 13.90 Lakh.

In reply to the Audit objection, it is intimated that the form F of Rs. 27802450/- issued by M/s. Tek Chand Rakesh Kumar Delhi, TIN 07460386764 allowed by AA after due verification from [tinxsy.com](http://tinxsy.com). But as per the information provided by audit team that this above mentioned firm has been cancelled from 08.11.2010. as per (official website of Department of Trade & Taxes Government of Delhi). Accordingly, a letter has been issued to concerned state tax authority for verification of statutory forms and the case been sent to the Deputy Excise & Taxation Commissioner-cum-Revisonal Authority, Ambala for suo-moto action taken vide No. 2131 dated 22.11.18. The Revisional Authority has decided the case vide order dated 02.02.2023 and created an additional demand of Rs.13,90,123/- .

A TDN N4 issued to the dealer. The recovery proceedings has been initiated under Land Revenue Act, 1887 by issuing recovery notices and summons. The firms stand cancelled w.e.f.13.03.2020. Again the summon have been substitute service at last known premises of the dealer vide letter No.408 dated 08.06.23. The letter to Tehsildar and Estate Officer has been issued regarding the property details of the dealer vide letter No.411 dated 08.06.2023. The letter to the sureties has also been issued vide No.424 dated 09.06.2023. The letter for bank attachment has also been issued to the Bank Manager vide No.413 dated 08.06.2023. The sincere efforts are being made to recover the outstanding arrears.

**3. M/s Mahesh Dal & Rice, Ambala, TIN 06541011077, A.Y. 2014-15****Audit Objection**

Section 6(A)(1) of CST act provides that where any dealer claims that he is not liable to pay tax under this act on the ground that the movement of such goods from one state to state to another was occasioned by reason of transfer of such goods by him to any other place of his business, for this purpose he may furnish to the AA a declaration form "F". Further, section 38 of HVAT Act, provide a penal action for claims on the basis of false information and incorrect amount or documents.

The dealer had claimed exemption on consignment sale/Stock transfer of rice worth Rs. 20561964/- to Delhi dealer M/s Tek Chand Rakesh Kumar, Delhi TIN 07460386764. On verification by audit on Dvat.gov.in (official website of department of trade and taxes Govt of Dehli). It was observed that the above said dealer found non-existent and registration of this firm had been cancelled w.e.f. 08.11.2010 (prior of stock transfer). Thus allowing the benefit of consignment sale/stock transfer against invalid forms "F" by the AA resulted in non levy of tax of Rs. 12.53 lakh beside penalty of Rs. 37.59 lakh u/s 38 of HVAT Act, 2003 as detail below :

F forms No.	Period	Name of goods	Amount	Tax effect @5%	Penalty leviable u/s38	Total
12334561360515	May14	Rice & Paddy	2380617	119031	357093	476123
12334655800515	Oct 14	-do-	12031599	601580	1804740	2406320
12334655810515	Nov14	-do-	8857407	442870	1328611	1771481
12334655820515	Dec14	-do-	750101	37505	112515	150020
12334663650515	Jan15	-do-	1042240	52112	156336	208448
			<b>25061964</b>	<b>1253098</b>	<b>3759295</b>	<b>5012393</b>

#### Reply of Para

In reply to the audit objection it is submitted that the original assessment in the case was framed by the then Assessing Authority vide D.No. 1030 dated 28.02.18 wherein an additional demand of Rs. 43,022/- was created under HVAT Act, 2003.

The audit party raised the objection that on verification by audit on dvat.gov.in (official website of Department of Trade & Taxes Government of Delhi), it was observed that the above dealer found non-existent and registration of this firm had been cancelled with effect from 08/11/2010 (prior to stock transfer). Thus allowing the benefit of consignment sale/stock transfer against invalid Forms 'F' by the AA resulted in non levy of tax of Rs12.53 Lakh.

In reply to the Audit objection, it is intimated that the form F of Rs. 2,50,61,964/- issued by M/s. Tek Chand Rakesh Kumar Delhi, TIN 07460386764 allowed by AA after due verification from tinxsy.com But as per the information provided by audit team that this above mentioned firm has been cancelled from 08.11.2010. as per (official website of Department of Trade & Taxes Government of Delhi). Accordingly, a letter has been issued to concerned state tax authority for verification of statutory forms and the case been sent to the Deputy Excise & Taxation Commissioner-cum-Revisonal Authority, Ambala for suo-moto action. The DETC –cum- Revisonal Authority, Ambala returned back the file with the direction to Re-Assessment under section 17 alongwith penal action vide memo no 6105/DETC (ST) dated 14.07.2020. Then the AA issued VAT-N-2 to the dealer. The AA written a letter regarding verification of F forms issued by M/s Tekchand Rakesh Kumar Delhi. The Delhi Authority given in writing that the firm is cancelled w.e.f. 08.11.2010. Then a notice with VAT –N-2. Again, a notice dated 15.03.2023 has been issued to the dealer.

The last & final opportunity has been issued to the dealer alongiwht VAT N-3. Final outcome of the case will be update at the earliest.



#### **4. M/s Mohidera Rice and General Mill, Ambala, TIN 06971032132, A.Y. 2014-15**

##### **AUDIT OBJECTION**

Section 6 (A) (1) of CST Act provides that where any dealer claims that he is not liable to pay tax under this Act on the ground that the movement of such goods from one State to another was occasioned by reason of transfer of such goods by him to any other place of his business or to his agent or principal, for this purpose he may furnish to the assessing authority a declaration in Form 'F' signed by the principal officer of the other place of business, or his agent or principal. Further, section 38 of HVAT Act, provides for penal action (tax avoided/benefit claimed and three times penalty) for claims on the basis of false information and incorrect accounts or documents etc. The Government of Haryana had issued instructions on 14 March 2006 and 16 July 2013 for verification of intra-State or inter-State transactions of more than one lakh rupees before allowing the benefit of tax/concession to the dealer.

The dealer is running a rice sheller. Scrutiny of the case assessment file revealed that the dealer had claimed exemption on consignment sale/stock transfer of Rice worth Rs.9421530/- to Delhi dealer M/s Tek Chand Rakesh Kumar Delhi TIN 07460386764. In support of the claim, the dealer filed three 'F' forms obtained from this dealer i.e. Sr. No. 12334561230515 dt. 21.5.2015(Rs. 525165), Sr. No. 12334655860515 dt. 22.5.2015 (Rs. 7493135) and Sr. No. 12334659170515 dt. 22.5.15(Rs. 1403230) obtained from the consignee. The Assessing Authority, while finalising the assessment allowed the exemption based on the declarations filed, without verification as per instructions *ibid*.

On verification by audit on [dvt.gov.in](http://dvt.gov.in) (official website of Department of Trade & Taxes Government of Delhi), it was observed that the above dealer found non-existent and registration of this firm had been cancelled with effect from 08/11/2010 (prior to stock transfer). Thus allowing the benefit of consignment sale/stock transfer against invalid Forms 'F' by the AA resulted in underassessment of tax of Rs. 1884308/- (Tax: 7421530 x 5% = Rs. 471077 + Penalty: 471077 x 3 = Rs. 1413231).

##### **REPLY OF PARA**

The original assessment was framed by the then Assessing Authority vide order dated 43/2014-15 VAT demand 24809/-. In reply to Audit objection the objection raised by the Audit is admitted. At the time of Assessment, the dealer had claimed exemption on consignment sale/stock transfer of Rice worth Rs. 9421530/- to Delhi dealer M/s Tek Chand Rakesh Kumar holding TIN 07460386764. In support of the claim, the dealer filed F form obtained from this dealer i.e. Sr. No. 12334561230515 dt. 21.5.2015(Rs. 525165/-), Sr. No. 12334655860515 dt. 22.05.2015 (Rs. 7493135/-) and Sr. No. 12334659170515 dt. 22.5.15(Rs. 1403230/-) obtained from the consignee. The Assessing Authority, while finalizing the assessment allowed the exemption based on the declarations filed.

It is submitted that as regard to Audit objection raised by the Audit party the case was sent to the DETC (Inspection), Ambala for Suo-Moto Action vide No. 1960, dated 14.11.18. The file was received back from DETC(I), Ambala vide memo No. 6102 dated 14.07.2020 with the direction to make thorough inquiry about the existence of outside the state dealer as well as about genuineness of forms and transactions covered by

these forms from the concern State Sale Tax authority and take appropriate action as per HVAT Act, 2003 like re-assessment u/s 17 alongwith penal action at your level. A verification letter was sent to the Assistant Commissioner, Ward-71, Department of Trade and Taxes, GNCT of Delhi vide no 149/TI W-7 dated 04.06.2021. Further, he replied vide letter no F. No. AC/W-71/form verification / 2020-21/581 dated 21.06.2021 and stated there in that the firm M/s Tek Chand Rakesh Kumar, Tin 07460386764 has been cancelled w.e.f. 08.11.2010 (the date of registration) due to VATI visit the firm was not found functioning at its registered address and also there was no sign board displayed at the registered address. Re-assessment notice was issued to the dealer. The re-assessment in this case has been framed by the then ETO-cum-Assessing Authority vide orders dated 07.02.2022 and an additional demand of Rs. 1932670/- was created. Efforts are being made to recover the outstanding amount from the dealer.

#### **5. M/s Ambala Rice Mill, Ambala, TIN 06661032351, A.Y. 2014-15**

##### **Audit Objection**

Section 6 (A) (1) of CST Act provides that where any dealer claims that he is not liable to pay tax under this Act on the ground that the movement of such goods from one State to another was occasioned by reason of transfer of such goods by him to any other place of his business or to his agent or principal, for this purpose he may furnish to the assessing authority a declaration in Form 'F' signed by the principal officer of the other place of business, or his agent or principal. Further, section 38 of HVAT Act, provides for penal action (tax avoided/benefit claimed and three times penalty) for claims on the basis of false information and incorrect accounts or documents etc. The Government of Haryana had issued instructions on 14 March 2006 and 16 July 2013 for verification of intra-State or inter-State transactions of more than one lakh rupees before allowing the benefit of tax/concession to the dealer.

Scrutiny of the case assessment file revealed that the dealer had claimed consignment sale of Rs.8844510/- M/s Mukand Mahadev Traders Delhi TIN 07870474275 and R.S Agro foods Delhi TIN 07866904653. On verification on [dvt.gov.in](http://dvt.gov.in) (official website of Department of Trade & Taxes Government of Delhi), it has been found that registration of the consignee agents were already cancelled with effect from 28/03/2013 and 05-12-2013. The dealer claimed bogus consignment sale to evade tax. By doing so the dealer made himself liable to pay penalty U/s 38 of HVAT Act. While framing the assessment the AA allowed the benefit of consignment sale/stock transfer against invalid Forms 'F' had resulted in non levy of tax of Rs. 4.42 Lakh besides penalty of Rs. 17.69 lakh U/s 38 of HVAT Act, 2003 as detail below:-

Name of Consignee	Date of Cancellation	F' Form No.	Period	Amount	Tax effect(@5%)	Penalty Leviable U/s 38	Total
Mukund Mahadev Traders, Delhi, TIN 07870474275	28-03-2013	14536364 702915	July-2014	3652500	182625	547875	730500
R.S Agro Foods, Delhi TIN 07866904653	05-12-2013	12338470 820915	Oct-14	1729570	86479	259436	345914

		12338470 840915	Dec-14	1003176	50159	150476	200635
		12338470 830915	Nov-14	2459264	122963	368890	491853
				<b>8844510</b>	<b>442226</b>	<b>1326677</b>	<b>1768902</b>

#### Reply of Para

In reply to the audit objection it is submitted that the original assessment in the case was framed by the then Assessing Authority vide D.No. 1053 dated 13.03.2018 wherein an Excess of Rs. 22,976/- was created under HVAT Act, 2003.

The audit party raised the objection that on verification by audit on [dvtat.gov.in](http://dvtat.gov.in) (official website of Department of Trade & Taxes Government of Delhi), it was observed that the above dealer found non-existent and registration of this firm had been cancelled with effect from 28.03.2013 and 05.12.2013. The dealer claimed bogus consignment sale to evade tax. Thus allowing the benefit of consignment sale/stock transfer against invalid Forms 'F' by the AA resulted in non levy of tax of Rs4.42 Lakh.

In reply to the Audit objection, it is intimated that the form F of Rs. 88,44,510/- issued by M/s Mukand Mahadev Traders Delhi TIN 07870474275 and R.S Agro foods Delhi TIN 07866904653 allowed by AA after due verification from [tinxsy.com](http://tinxsy.com) But as per the information provided by audit team that this above mentioned firm has been cancelled from 28.03.13 and 05.12.13. As per (official website of Department of Trade & Taxes Government of Delhi). Accordingly, a letter has been issued to concerned state tax authority for verification of statutory forms and the case been sent to the Deputy Excise & Taxation Commissioner-cum-Revisonal Authority, Ambala for suo-moto action. Letters regarding verification of F forms has already been issued by the Revisonal Authority. Notice have been issued by the Revisonal Authority, Ambala on 17.10.2019, 28.02.20, 28.10.20, 06.01.21, 07.06.21, 17.09.21 and 01.12.21, 21.12.21, 01.12.22 & 30.05.23. The case is pending before DETC (ST)- Cum- Revisonal Authority, Ambala.

#### 6. M/s Sai Agro product, Bhiwani, TIN 06491114361, A.Y 2015-16

##### AUDIT OBJECTION

Under Assessment of tax due to non levy of tax and penalty on sale of goods against invalid/ in genuine 'C' Forms-Rs 96.30 lakh.

As per the provisions of section 38 of HVAT Act 2003, if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales, purchase, imports into state, exports out of state or stocks of goods or has concealed any particulars in respect thereof or has furnished to or produced before any authority under this Act or the rules made there under any account, return, documents or information which is false or incorrect in any material particular, such authority may after affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty in addition to the tax to which he is assessed or is liable to be assessed a sum thrice the amount of tax which would have been avoided had such account, return, documents or information as the case may be, been accepted as true and correct,

The dealer is a trader of Binola, Khal, Guwar, Desi Ghee, Kapas, Sarson etc. Scrutiny of the case file revealed that the dealer had shown interstate sale of goods

worth Rs. 28854339/- to Overseas Traders Tin- 08610904257. On cross verification from concerned state Commercial Tax Department the form 'C' issued by the state authorities had shown as invalid. Thus it seems that the whole transaction was bogus or fictitious. However, While framing assessment in the case the assessing authority had levied concessional rate of tax @2% which resulted in under assessment of tax and penalty worth Rs. 9630135/- { Rs. 28854339 x (13.125-2%)x3 times } for shown transactions against invalid/ingénue 'C' forms.

Test check of case file revealed that reasons were not found/ placed on record for under assessment of tax. Such similar cases may be examined in detail and appropriate action may be taken as per HVAT Act 2003 under intimation to Audit.

### **AUDIT REPLY**

In reply to the audit objection, It is intimated that the original assessment was framed by the then Assessing Authority vide disposal no. 114/2015-16 dated 26.03.2019 and created a demand of Rs. 1020400/- under CST Act, 1956. The dealer was allowed concessional rate of tax against C form of amounting Rs. 144957199/- @2% at the time of original assessment. Out of this concessional rate Interstate sale, the audit officer has raised objection regarding wrong/invalid statutory form issued by M/s Overseas Traders, Bharatpur Rajasthan holding Tin 08610904257 of amounting Rs. 12476184/-. Further to ensure the genuineness of the transactions/Statutory C Form, physical letters were issued to the concerned authorities of Rajasthan state vide this office memo no. 1407/W-1 dated 27.12.2021, memo no. 1493/ W-1 dated 14.01.2022 and memo no. 50/ T.I.(III)/W-1 dated 12.05.2022. Reply is still awaited. But on the basis of current online status of the above said C form Re-assessment notice was issued u/s 17 of HVAT Act, 2003 read with section 9(2) of CST Act, 1956 to the dealer. Case is decided ex-parte vide re-assessment order no. 8/2015-16 dated 03.08.2023 and created a additional demand of amounting Rs. 19822288/- under CST Act, 1956. Tax demand notice issued to the dealer.

### **7. M/s P.S Enterprises, Faridabad (North), TIN 06631336705, A.Y. 2015-16**

### **AUDIT OBJECTION**

**Subject:- Evasion of tax by selling goods against suspicious in genuine declaration forms 'F' Rs 654.72 lakh .**

Section 8(4) of the CST Act, 1956 provides that the concession under sub section (1) shall not apply to any sale in the course of interstate trade or commerce unless the dealer selling the goods furnishes to the Assessing Authority a declaration form duly filled and signed by the registered dealer to whom the goods are sold containing the prescribed particulars in the form. The ETC issued instructions totaling more the Rs one lakh from a single VAT dealer in a year should be cross verified. Further, penalty was also leviable under Section 38 of the HVAT Act.

The dealer engaged in the trading of iron and steel. During the course of scrutiny of the case file it was noticed that. Further the dealer made ISS sale of Rs 124, 67, 18,477/- to various dealers. The dealer made sales of iron and steel of Rs 327359517/- to the following dealers of Rajasthan. On verification on website rajtax.gov.in it was found that these 'F' forms were invalid. While assessment the AA allowed the sale against 'F' forms. Details are as under:

Sr. No.	Name of the dealer	Tin	Total amount	Tax evasion	Penalty u/s 38	Total tax penalty
1	Manju Enterprises	8052171288	5948342	297417	892251	1189668
2	Manju Enterprises	8052171288	40998179	2049909	6149727	8199636
3	Vardhman Enterprises	8312171339	2894080	144704	43112	578816
4	Vardhman Enterprises	8312171339	70486420	3524321	10572963	14097284
5	Vardhman Enterprises	8312171339	41554222	2077711	6233133	8310844
6	Vardhman Enterprises	8312171339	19324580	966229	2898687	3864916
7	Vardhman Enterprises	8312171339	49943444	2497172	7491517	9988689
8	Vardhman Enterprises	8312171339	30267558	1513378	4540134	6053512
9	Vardhman Enterprises	8312171339	20062445	1003122	3009367	4012489
10	Vardhman Enterprises	8312171339	45880247	2294012	6882037	9176049
	<b>Total</b>		<b>327359517</b>	<b>16367976</b>	<b>49103928</b>	<b>65471903</b>

These forms may be got verified from the concerned authority of the state and action may be taken as per Act if forms found ingenuine.

As such, the ISS sale of Rs 327359517/- made against 'F' forms were invalid and hence these sales should not be allowed for concessional rate. It resulted into evasion of tax of Rs 16367976/-(327359517 \* 5%) besides penalty of Rs. 49103928/-u/s 38 of HVAT Act if forms found ingenuine.

The matter is referred to the notice of AA for taking action as per Rule/Act. In the case of non-submission of reply /comments within two days it will be assumed that the observations are correct and confirmed.

#### **Reply of Para**

A letter for verification of 'F' forms had been send to Commissioner of Commercial Taxes Jaipur(Rajasthan) vide No 482/TI/S.S/dated 23/10/2017 & 3355/TI/S.S/dated 20/01/2018. Again a reminder has also been sent vide No. 4567/V.K/TI/dated 06/02/2019. Reminder-II of the same had been sent to the concerned District for verification vide 732 dated 15.02.2021.

In reference to verification request Rajasthan Commercial Taxes Department has informed that F forms of firms M/s Manju Enterprises have been cancelled on 01.01.2015 serial No. 00011248, 000111510 Amount Rs. 5948342/-, Rs. 40998179/- and F forms electronically for M/s Vardhman Enterprises, TIN 08312171339 have also been "forcefully rejected" as quoted by Rajasthan Taxation Department, Jaipur.

Presently the file is in DETC (Inspection) Faridabad North for revision under section 34 (1) of Haryana Value Added Tax Act, 2003 r.w section 9(2) of Central Sales Tax Act, 1956 read with section 34 of HVAT Act, 2003.

The case was fixed on 02.08.2023 in Dy. DETC (I) Faridabad and the counsel of the firm appeared and requested for adjournment. Now the case is fixed for 18.08.2023,

to give him an opportunity of being heard and to confront the dealer about the negative verification report regarding F forms. The case will be decided upon the facts, adduced thereafter as per the provisions of the Law.

**8. M/s D.E Ceramica, Guguram (East), TIN 06201823833, A.Y. 2014-15**

As per provisions of Section 38 of HVAT Act, 2003 if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales, purchases, imports into state, export out of State, or stock of goods, or has concealed any particulars in respect thereof or has furnished to or produced before any authority under this Act or the rules made there under any account, return document or information which is false or incorrect in any material particular such authority may, after affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed a sum thrice the amount of tax which would have been avoided had such account return, document or information, as the case may be, been accepted as true and correct

The dealer is engaged in trading of Marble, Granite and tiles and other sanitary goods. The dealer was allowed benefit of concessional rate of tax against declaration forms worth Rs 21123763/- and Rs 19246007 subject to verification CST Act, 1956. Scrutiny of these declaration forms placed on file received from Delhi State dealer revealed that registration certificate of purchasing dealers have been cancelled by the concerned authorities with effect from their registration or before transaction shown in LS-2. Accordingly allowing concessional rate of tax sale made to non existing dealers has resulted in under assessment of tax.

Name of purchasing dealer and TIN	C form No.	Value of transaction	Period of transaction	Date of RC cancellation as per audit
Star Trade Impex 7466920102	12131936370215	3,522,461.00 ₹	1.03.2014 3.12.2014	26.04.2014
Bansal Trading Co 7840429429	12126928911214	5,702,803.00 ₹	14.4.2014 30.06.2014	1.08.2012
Star Trade Impex 7466920102	12135251600615	10,400,000.00 ₹	4.01.2015 23.01.2015	26.04.2014
Star Trade Impex 7466920102	12129223611214	3,350,878.00 ₹	1.09.2014 27.9.2014	26.04.2014
	<b>Total</b>	<b>22,976,142.00 ₹</b>		

Matter is brought to the notice of Assessing Authority for taking necessary action as per law.

**AUDIT REPLY**

The assessment of M/s De-Ceramica for the year 2014-15 was framed vide order dated 16.03.2018 and created nil demand under HVAT Act. And Rs.-2292378/- under CST Act. M/s De-Ceramica has made sales during the A.Y. 2014-15 to M/s Star Trade Impex, TIN-07466920102 and to M/s Bansal Trading Co. TIN-07840429429 of Delhi State. The audit has pointed out that the Registration of Delhi State Dealers(purchasing dealer) were cancelled before the issuance of "C" Forms to the selling dealer.

In response to audit memo a letter No. 3955 Dated 16.03.2023 has written to Assistant Commissioner, Department of Trade & Taxes, Delhi to verify the "C" forms

issued by the Dealers of Delhi State, and also to provide the Registration Cancellation order provided by the Delhi Authorities M/s Star Trade Impex was cancelled on Dated 04.03.2016 w.e.f 26.04.2014 and M/s Bansal Trading Co. was cancelled on 22.07.2014 w.e.f. 01.08.2012. explained as under:-

Name of purchasing dealer and TIN	C form No	Value of transaction	Period of transaction	Date of RC cancellation as per audit	Date of RC cancellation as per Delhi VAT Deptt.
Star Trade Impex 7466920102	12131936370215	Rs. 3,522,461.00	1.03.2014 3.12.2014	26.04.2014	04.03.2016
Bansal Trading Co 7840429429	12126928911214	Rs. 5,702,803.00	14.4.2014 30.06.2014	1.08.2012	22.07.2014
Star Trade Impex 7466920102	12135251600615	Rs. 10,400,000.00	4.01.2015 23.01.2015	26.04.2014	04.03.2016
Star Trade Impex 7466920102	12129223611214	Rs. 3,350,878.00	1.09.2014 27.9.2014	26.04.2014	04.03.2016
	Total	Rs. 22,976,142.00			

Thus it is clear that when purchasing dealer of Delhi State issued "C" forms to the selling dealer, the dealer of Delhi state were active. The assessing Authority has rightly allowed the benefit of "C" forms.

Further the Hon'ble High Court of Delhi in CWP No 1358 of 2016 in the case of M/s Jain Manufacturing (India) Pvt. Ltd., Kanpur Vs Commissioner Value Added Tax, Delhi (2016 ) 54 PHT-2131 (Del) observed that "in the considered view of Court, if the selling dealer has after making a diligent enquiry held a valid CST registration and is also issued a valid 'C' Form then such selling dealer cannot be told that the 'C' form is availed since the CST Registration of the purchasing dealer has been retrospectively cancelled " However where the cancellation of the registration and consequently of the "C " form is sought to be done retrospectively, it would adversely affect the right of bona-fide sellers in other states who proceeded on the basis of the existence of valid CST registration of the purchasing dealer on the date of inter-state sale. This the Court held " for the above reasons the order passed by the DT&T cancelling the 'C' Forms issued to the petitioner in the present case w.e.f. 23.11.2015 is hereby set-aside. The petitioner will continue to treat the 'C' Forms issued to it as having been validly issued.

Also the Excise Taxation Officer-Cum- Assessing Authority intimated to Audit the Hon'ble Haryana Tax Tribunal in the case of M/s Tulsi Lok & Sons, Rohtak in STA No 31/2018-19 dated 09/04/2019 following the judgment of Hon'ble High Court of Delhi in the case of Jain Manufacturer India Pvt. Ltd. Kanpur Vs Commissioner, VAT, Delhi set aside the Order of Revisional Authority Rohtak dated 06.09.2016 in which the Revisional order levied the deferential tax on the 'C' Form for Rs 10813759/- which was later on found cancelled by the Commercial Tax Department, due to cancellation of registration retrospectively. The interest & penalty levied by the Revisional Authority was also set-aside.

In view of the above stated facts, it is established that the Assessing Authority has rightly allowed the benefit of "C" forms to the dealer and there is no under assessment.

**9. M/s Laksh Traders, Jagadhri, TIN 06831613336, A.Y. 2016-17**

**AUDIT OBJECTION**

**Subject:- Under Assessment of tax due to non levy of penalty u/s 38 of HVAT Act for submitting bogus 'C' forms Rs. 22.37 lakh.**

As per the provisions of Section 38 of HVAT Act, 2003, if a dealer has maintained false or incorrect accounts or documents with a view to suppressing his sales, purchases imports into State, exports out of State, or stocks of goods or has concealed any particulars in respect thereof or has furnished to or produced before any authority under this Act or the rules made there under any account, return, documents or information which is false or incorrect in any material particular, such authority may, after affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, a sum thrice the amount of tax.

The dealer is a trader of batteries. During scrutiny of the assessment case file, it was noticed that the dealer has made inter state sale amounting to Rs. 5681000/- at concessional rate of 2% under CST Act, 1956 to M/s Royal International, New Delhi Tin -07487116511. The dealer had submitted on 'C' form No 12154789214616 amounting to Rs. 5794620/- received from the purchasing dealer. The form could not be verified on [dvat.gov.in](http://dvat.gov.in) which shows that the form was bogus. Thus the dealer has submitted forged interstate sale invoices/documents to evade payment of tax and therefore liable for penal action as per aforesaid provision of the Act. The details are given below:

Sr. No.	Name of the Purchasing dealer	'C' forms Serial No.	Amount of c form/ Sale amount Rs.	Tax effect Rs. (13.125%)	Penalty Leviable u/s 38 (Rs.)
1	M/s Royal International, Delhi TIN 07487116511	12154789214616	579460 5681000	745631	2236893

The assessing authority, while finalizing the assessment, did not accept the C form and levied tax at full rate but the assessing authority did not levy penalty under Section 38 of HVAT Act for submitting bogus C form. Thus non levy of penalty resulted in under assessment of tax amounting to Rs. 2236893/-. Test check of case file revealed that reasons were not found/placed on record for under assessment of tax.

The matter is brought to the notice of Assessing Authority for taking action as per law. Similar cases may be examined in detail and appropriate action may be taken as per HVAT Act, 2003 under intimation to Audit.

**AUDIT REPLY**

The dealer M/s **Laksh Traders, Yamuna Nagar** was registered under the HVAT Act, 2003 and the CST Act, 1956 with TIN -06831613336. The dealer is a trader of batteries. The dealer is functional now. The dealer stands migrated under the GST Law with GSTIN- 06AIZPM9544N1Z3. The case of M/s **Laksh Traders** for the assessment year 2016-17 was assessed under Section 15(1) of the HVAT Act, 2003 **vide DN. 1027, Dated 09.12.2019** and as a result an additional demand of **Rs. 6,55,901/-** was created against the dealer under CST Act 1956.



In reply to audit observation it is submitted that the letter was written to the Assistant Commissioner, Department of Trade and Taxes, New Delhi vide letter no. 10475/ETO/W-1, Dated 27.11.2019, 3164/ETO/W-1, Dated 08.09.2020 and 338/ETO/W-1, Dated 14.02.2022 for verification of genuineness of C forms. Reply received from the office of Assistant VAT Officer, Ward-71, Department of Trade & Taxes, Govt. of NCT of Delhi vide reference No. AVATO/W-71/Form Verification/2020-21/279, Dated 28.02.2022 that the said C form is not issued to the dealer for the Period 2016-17, but the firm M/s Royal International, Delhi in 07787116511 is registered w.e.f. 02.06.2016. But the dealer has filed an appeal before the Jt. E.T.C. (Appeal), Ambala against the order passed by Assessing Authority dated 09.12.2019 vide dated 15.12.2020.

Thereafter notice for Re- Assessment was issued to the firm on dated 14.04.2022 for which the reply was made by Sh. A.K. Sachdeva, Advocate on dated 24.02.2022 that questioning validity of the order dated 09.12.2019 passed by Shri Naresh Kamboj, Excise & Taxation Officer-cum-Assessing Authority, Jagadhri the dealer has instituted an appeal before learned Joint Excise and Taxation Commissioner(Appeals), Ambala vide dated 15.12.2020. One of the issues raised in appeal related to rates to rate of tax on the sales made in the course of inter-state trade or commerce. Initiation of the reassessment proceeding amounts to uncalled for interference with the right of appeal which is sacrosanct, which the dealer has already exercised. But the ground on which N-2 proceedings was on the basis of definite information received by the The Assessing Authority, Ward-1 on dated 08.03.2022 vide which, it was clear that the C form in question is bogus. This shows that this is a different ground then the ground in which this firm has gone to appellate authority. But since he had already filed an appeal before learned Joint Excise and Taxation Commissioner(Appeals), Ambala vide dated 15.12.2020, the matter is sub-judice before the Learned Jt. E.T.C.( Appeal) since then. Now it has come up 1<sup>st</sup> time for hearing on 09.08.2023.

The entire facts of the case has been apprised to the Jt. E.T.C.(Appeal), Ambala vide Memo No. 2170/ETO/W-1, Dated 04-08-2023 copy enclosed as Annexure-I in which he has been requested to dispose off the appeal listed for 09.08.2023 in lieu of definite information received as mentioned above in respect of C form in question being bogus. So that penal action under section 38 of HVAT ACT, 2003 can be initiated for which Notice VAT-N2 and VAT-N3 already issued to the dealer for Re-Assessment for the year 2016-17.

In view of the above the para may please be dropped.

#### **10. M/s Dayal Moters, Jagadhri, TIN 06671614200, A.Y. 2016-17**

##### **Audit Objection**

**Subject:- Regarding ITC reversal of Rs. 26.11 lakh and levy of interest of Rs.19 lakh.**

As per notification dated 07.09.2015 the schedule E of the HVAT Act, 2003 have been amended and entry no. 3(B) have been inserted in which input tax credit on the interstate trade or commerce will be available to the extent of tax actually paid on the purchases of such goods in the State under the Act or tax payable on sale of such goods under the CST Act, 1956 whichever is lower.

The dealer is a trader of Bus, Truck and its spare parts and the case of the dealer I have been assessed under section 15(3) of the HVAT Act, 2003. During the year the dealer has purchased goods worth Rs. 87808131/- under the VAT Act, 2003 beside this during the year 2015-16 the dealer has made ISS of Rs. 3717553/- and in the year 2016-17 he has made sale of Rs.3561424/- as ISS sale. On the purchases made within the State @13.125% the dealer has availed ITC of Rs. 11523491/- and the authority has allowed the sale. During the year the dealer has made interstate of Rs. 307564/- the sale of Rs. 24768588/- have been made out of the purchases made within the State. The detail of same is as under:-

	Particulars	Value
A	Inter- state purchases of 2015-16	37,17,553
B	Inter- state purchases of 2015-16	35,61,424
C	Total Sales from outside the state	72,78,977
D	Inter- state Sales made in the year	3,07,73,564
E	Sales made from VAT purchases (D-C)	2,34,94,587
	<b>ITC to be reversed @ 11.125%</b>	<b>26,13,772</b>

As per entry no. 3(B) of Schedule E of HVAT Act, 2003 the ITC on the sale of ISS @2% is restricted 2% and ITC on the sale of Rs. 2613772/- (11.125%) is to be reversed and interest under section 14(6) on this reversal amount comes to Rs. 1899942/- as per law. But during examination of this file ITC had not been reversed and interest not levied the calculation is as under:-

Interest Calculations		
1.	ITC due on local purchases	1,15,23,491/-
2.	ITC due to be reversed @ 11.125%on 2,34,64,587	26,13,772/-
3.	Balance ITC due	89,09,719
	VAT Vol. paid	95004/-
	Total	9005233/-
4.	VAT due to paid	11436097/-
5.	VAT outstanding after adjusting ITC	(-) 2430864/-
6.	CST due on 3,07,73,564/-@2%	615471/-
7.	CST paid	407526/-
8.	CST outstanding	(-) 207945
9.	Total tax outstanding (4+7)	2638809/-
10.	Interest leviable @ 2% PM for 36 months	1899942/-

The matter is brought to the knowledge of the concerned officer as per provision of the Haryana Value Added Tax Act regarding assessment and the audit party may be intimated regarding these type of cases.

### Audit Reply

In reply to Audit para AMG-II /FC/STP-5/2020-21/13, it is stated that the case has been sent to Revisional Authority-cum-DETC for Suo Moto Action and the Revisional Authority vide demand no. 01/23-24/VAT/Dated 18.05.2023 passed the order in which demand of Rs. 1302952/- was raised and same was served upon to the dealer on 26.05.2023 out of which Rs. 302952/- stands recovered vide GRN 0104503536 dated 28.06.2023. Efforts are being made to recover the remaining amount.

Hence para may be dropped.

### 11. M/s Singla Rice Land, Kaithal, TIN 06562109203, A.Y. 2014-15

#### AUDIT OBJECTION

As per provisions of Section 38 of HVAT Act, 2003 if a dealer has maintained false or incorrect accounts of documents with a view to suppressing his sales, purchases, imports into State, exports out of State, or stocks of goods, or has concealed any particulars in respect thereof or has furnished to or produced before any authority under this Act or the rules made there-under any account, return, document or information which is false or incorrect in any material particular, such authority may, after affording such dealer a reasonable opportunity of being heard, direct him to pay by way of penalty, in addition to the tax to which he is assessed or is liable to be assessed, sum thrice the amount of tax which would have been avoided had such account, return, document or information, as the case may be, been accepted as true and correct.

The dealer is running a rice mill. During checking of above assessment case file revealed that the dealer has claimed/exemption of Rs. 31377580/- against declaration F-forms. Scrutiny of these declaration F-forms revealed that on the government web-site the concerned State Authorities has cancelled their Registration Certificate. Thus, the dealer has claimed/allowed exemption on invalid declaration F-forms. Accordingly, the dealer has maintained incorrect, furnished false returns to evade the payment of tax. Thus, the dealer is liable to pay additional tax and penalty under aforesaid provision of the Act. As detailed given below.

Sr. No.	Name of purchasing dealer	TIN	Form No.	Value of F-Form	Date of RC Cancellation
1	Tek Chand Rakesh Kumar	07460386764	12334662930515	8222587	08.11.2010
2	Tek Chand Rakesh Kumar	07460386764	12334662920515	3987358	08.11.2010
3	Tek Chand Rakesh Kumar	07460386764	12334662940515	4125407	08.11.2010
4	Tek Chand Rakesh Kumar	07460386764	12334656270515	1011421	08.11.2010
			Total	17346773	

Accordingly allowing exemption on invalid declaration F-forms has resulted in under assessment of Tax Rs. 3469356/- ( $17346773 \times 5\% = \text{Tax Rs. } 867339/-$  plus penalty of Rs. 2602017). The matter is brought to the notice of Assessing Authority for taking action as per law.

## AUDIT REPLY

In reply to audit it is submitted that the assessment for the year 2014-15 was framed vide demand No. 842 dated 12.10.2017 and created Addl. Demand of Rs. 1960 under VAT Act. The audit party raised objection that F Forms submitted by the said firm are invalid and the audit party also pointed out that the issuing firm duly cancelled. After that a verification letter regarding genuineness of the firm and F-Forms was sent to the Department of Trade & Taxes NCT Delhi vide this office memo No. 413/W-5, dated 21.03.2022. The Assistant VAT Officer, Ward-71 Department of Trade & Taxes Govt. of NCT Delhi 7<sup>th</sup> Floor, Vyapar Bhawan I.P Estate, New Delhi-110002 vide letter No. AVATO/W-71/Form verification/2020-21/1427/dated 31.03.2022 has informed to the Dy. Excise & Taxation Commissioner (ST) Kaithal that M/s Tek Chand Rakesh Kumar having TIN 07460386764 was found non-existent at the time of verification and cancelled w.e.f. the registration.

The case has been re-assessed u/s 17 of HVAT Act 2003 of the dealer and created additional demand of Rs. 3470242/- ( Tax 867339 + 2602017 Penalty) vide D.No. 1A/dated 25.05.2023. Copy of order have been served to the dealer alongwith TDN in form of VAT N-4 and recovery proceeding have been initiated.

## 12. M/s Deepak Agro Industries, Kurukshetra, TIN 06702313311, A.Y. 2014-15

### AUDIT OBJECTION

Under Section 38 of the Haryana Value Added Tax Act, 2003 (HVAT Act) if a dealer has maintained false or incorrect accounts or documents to evade payment of tax the AA may levy penalty (Three Times) in addition to the tax evaded/avoided.

Dealer is trader/manufacturer of rice bran and paddy etc. While finalizing assessment the dealers were allowed benefit of consignment sale of rice and paddy etc. Worth Rs. 183487388.00 against form "F". Scrutiny of "F" forms revealed that transaction involved in these F forms worth Rs. 131888205.00 were found invalid/in-genuine as per dvat.gov.in. RC of Delhi dealer was cancelled before transaction. This shows that the dealer had claimed wrong benefit of consignment sale against F forms worth Rs. 131888205. Accordingly, penal action under section 38 of HAVT Act, 2003 was to be taken against the dealer. Due to claim of wrong benefit of consignment sale against invalid "F" forms has resulted into under assessment of tax of Rs. 26377640.00 (131888205@5.00%=6594410 and penalty Rs. 19783230), which is brought to the notice of Assessing Authority for taking suitable action as per Act.)

Sr.No	Name of dealer	State	F Form No.	Value in Rs.	Remarks
1.	M/s Tek Chand Rakesh Kumar 07460386764	Delhi	12334561380515	16553103	Dealer was cancelled on 8.11.2010.
2.	-do-	Delhi	12334561390515	27309256	
3.	-do-	Delhi	12334561400515	19806747	
4.	-do-	Delhi	12334646420515	8330529	
5.	-do-	Delhi	12334646420515	6259935	
6.	-do-	Delhi	12334646430515	5260606	
7.	-do-	Delhi	12334655770515	12306896	
8.	-do-	Delhi	12334662990515	3989255	

9.	-do-	Delhi	1233466300515	32071878	
			<b>Total</b>	<b>131888205</b>	

**Reply of Para**

In reply to the audit para, it is intimated that the Original Assessment of the firm was framed vide Assessing Authority order dated 16.03.2018 and an additional demand of Rs. 7635/- was created under HVAT Act and a demand of Rs. 16062/- was created under CST Act. Thereafter, Audit parties raised an objection regarding ingenuine F form transaction. Verification was sought from the jurisdictional authority, who vide his report dated 20.09.2019 communicated that the registration certificate of the purchasing dealer was cancelled w.e.f. 08.11.2010 vide order dated 20.09.2015.

Accordingly, the Assessing Authority re-assessed the case under section 17 of HVAT Act, 2003 read with section 9(2) CST Act and relying upon the judgements in case of M/s. Jain Manufacturing (India) Pvt. Ltd. Kanpur Vs. Commissioner Value Added Tax, Delhi, 01.06.2016 in CWP No. 1358 of 2016 and in case of M/s. Tulsi Lok and Sons, Rohtak in STA No. 31/2018-19, decided the case on 12.10.2022 with nil demand.

In view of the above the para may kindly be dropped.

**13. M/s Ravi International, Kurukshetra, TIN 06252315353, A.Y. 2014-15****Audit Objection**

Name of Dealer: M/s Ravi International

TIN: 06252315353

Disposal: 1266/14-15 Dated 29-01-2018

Assessment Year: 2014-15

Under Section 38 of the Haryana Value Added Tax Act, 2003 (HVAT Act) if any dealer maintains false accounts or submit wrong accounts, return or document to evade payment of tax the AA may levy penalty (Three times) in addition to the tax evaded/avoided.

Dealer is trader/manufacturer of rice bran and paddy etc. While finalizing assessment the dealers were allowed benefit of consignment sale of rice and paddy etc. Worth Rs. 91745712.00 against form "F". Scrutiny of "F" forms revealed that transaction involved in these F forms worth Rs. 10546108.00 were found invalid/in-genuine as per dvtat.gov.in. RC of Delhi dealer was cancelled before transaction. This shows that the dealer had claimed wrong benefit of consignment sale against F forms worth Rs. 10546108. Accordingly, penal action under section 38 of HAVT Act, 2003 was to be taken against the dealer. Due to claim of wrong benefit of consignment sale against invalid "F" forms has resulted into under assessment of tax of Rs. 2214680.00 (10546108@5.25%=553670 and penalty Rs. 1661010, which is brought to the notice of Assessing Authority for taking suitable action as per Act.)

Sr. No.	Name of dealer	State	F Form No.	Value in Rs.	Remarks
1.	M/s Tek Chand Rakesh Kumar-07460386764	Delhi	12334646310515	5202597	RC of the dealer was cancelled w.e.f. 08.11.2010 before transactions
2.	-do-	Delhi	12334656040515	5343511	
3.	<b>Total</b>			<b>10546108</b>	

### Reply of Para

The original assessment of the firm was framed vide Assessing Authority order no. 1266/14-15 dated 29.01.2018 and an ECF of Rs.468753/- was allowed under HVAT Act and Nil demand was created under CST. Thereafter, Audit party raised objection regarding ingenuine F form transactions. Accordingly, verification letter was issued to the Jurisdictional Authority, who vide his verification report Ward-71/2019-20/2060 communicated that;

“It was revealed during the local enquiry that no such firm was functioning there. It seems that the dealer is engaged in bogus/suspicious activities on 20.09.2015 w.e.f. 08-11-2010 i.e. date of registration.) the dealer has filed his returns upto 2015-16 1st Quarter.”

Accordingly, reassessment under section 17 of the HVAT Act, 2003 read with section 9(2) of CST Act was framed and a demand of Rs. 2109222/- was created under HVAT Act, 2003 vide the assessing authority order disposal No. 16B dated 31.03.2023.

TDN alongwith order stands served upon the dealer on dated 15.05.2023.

### 14. M/s Mangal Rice Mill, Shahabad, Kurukshetra, TIN 06752307900, A.Y. 2014-15 Audit Objection

Section 38 of HVAT Act provides that if any dealer maintains false accounts or submit wrong accounts, return or document to evade payment of tax the AA may levy penalty (Three times) in addition to the tax evaded/avoided.

Dealer is trader/manufacturer of rice and paddy etc. while finalizing assessment the dealers were allowed benefit of consignment sale of rice and paddy etc. worth Rs. 3,72,57,496/- against form 'F'. Scrutiny of 'F' forms revealed that transaction involved in these 'F' forms worth Rs. 2,52,65,262/- were found invalid/in-genuine as per dvt.gov.in. RC of Delhi dealer was cancelled before transaction. This shows that the dealer had claimed wrong benefit of consignment sale against 'F' forms worth Rs. 2,52,65,262/-. Accordingly, penal action under section 38 of HVAT Act, 2003 was to be taken against the dealer. Due to claim of wrong benefit of consignment sale against invalid 'F' forms has penalty Rs. 37,89,789/-), which was brought to the notice of Assessing Authority for taking suitable action as per Act. During discussion ETO stated that action will be taken as per Sales Tax Law after verification of transaction.

Sr. No.	Name of dealer	State	F Form No.	Value in Rs.	Remarks
1.	M/s Shivam Agro India, 07776891656	Delhi	12329784241214 12329784261214 12329789541214 12329789551214 12329789561214 12334795830515 12334688560515	2428903 4822653 5021414 6950532 1513446 2152104 2376210	RC of the dealer was cancelled w.e.f. 15.07.2013 before transactions
			<b>Total=</b>	<b>25265262</b>	

### Reply of Para

The original assessment of the firm was framed vide Assessing Authority order no.271/14-15 dated 28.08.2017 and an ECF of Rs.708398/- was allowed under HVAT Act and Nil demand was created under CST Act.

Thereafter, Audit party raised objections regarding F form transactions. Accordingly verification letter was issued to the Jurisdictional Authority, who vide his verification report No.GSTO/MISC/W-28/2022-23/4478 dated 15/03/23 informed that as per DVAT portal form bearing serial no. as mentioned below has been issued but the firm has been cancelled w.e.f. 15.07.2013 from the date of registration thus, "F" Forms automatically become invalid".

The details of F-Forms mentioned below: -

	Name of dealer	State	F Form No.	Value in Rs.
1.	M/s Shivam Agro India, 07776891656	Delhi	12329784241214 12329784261214 12329789541214 12329789551214 12329789561214 12334795830515 12334688560515	2428903 4822653 5021414 6950532 1513446 2152104 2376210
			<b>Total</b>	<b>25265262</b>

Accordingly, reassessment under section 17 of the HVAT Act, 2003 read with section 9(2) of CST Act was framed and a demand of Rs. 50,53,052/- was created under CST Act, 1956 vide the assessing authority order disposal No. 29A/2014-15/31.03.2023

TDN alongwith order stands served upon the dealer on dated 08.05.2023.

**15. M/s Navya Agro Foods Pehowa, Kurukshetra, TIN 0605231952, A.Y. 2014-15  
Audit Objection**

Section 38 of HVAT Act provided that if any dealer maintains false accounts or submit wrong accounts, return or document to evade payment of tax the AA may levy penalty (Three times) in addition to the tax evaded/ avoided.

Dealer is trader/ manufacturer of rice, rice bran and paddy etc. While finalizing assessment the dealers were allowed benefit of consignment sale of rice and paddy etc. Worth Rs.47911741/- against form f. Scrutiny of F forms revealed that transaction involved in these F forms worth Rs 9676545.00 were found invalid/ingenuine as per dvat.gov.in RC of Delhi dealer was cancelled before was cancelled before transaction. This shows that the dealer had claimed wrong benefit of consignment sale against F forms worth Rs.9676545/-. Accordingly, penal action under section 38 of HVAT Act, 2003 was to be taken against the dealer. Due to claim of wrong benefit of consignment sale against invalid F forms has resulted into under assessment of tax of Rs 1935308.00 (9676545 @5.00% = 483827 and penalty Rs. 1451481/-), which is brought to the notice of Assessing Authority for taking suitable action as per Act.

Sr No.	Name of the dealer	State	F form No.	Value in Rs.	Remarks
1.	M/s Tek Chand Rakesh Kumar 07460386764	Delhi	12334663630515	1796296	
2.	-do-	Delhi	12334663620515	2268719	RC of the dealer was cancelled w.e.f 08.11.2010 before transaction

3.	-do-	Delhi	12334663610515	5611530	
			<b>Total</b>	<b>9676545</b>	

### Reply of Para

The original assessment of the firm was framed vide Assessing Authority order no. 1105 dated 14.03.2018 and with NIL demand under HVAT and CST Act. Thereafter, Audit party raised objection regarding ingenuine F form transactions. Accordingly, verification letter was issued to the Jurisdictional Authority, who vide his verification report No. Ward-71/2019-20/2060 dated 20.09.2019 informed that;

“It was revealed during the local enquiry that no such firm was functioning there. It seems that the dealer is engaged in bogus/suspicious activities on 20.09.2015 w.e.f. 08-11-2010 i.e. date of registration.) the dealer has filed his returns upto 2015-16 1st Quarter.”

Accordingly, reassessment under section 17 of the HVAT Act, 2003 read with section 9(2) of CST Act was framed and a demand of Rs.1935308/- was created under HVAT Act, 2003 vide the assessing authority order disposal No. 29A dated 31.03.2023.

TDN alongwith order stands served upon the dealer on dated 15.05.2023.

### 16. M/s Luxmi Narain & Sons, Pehowa, Kurukshetra, TIN 06352314037, A.Y. 2014-15

#### Audit Objection

Section 38 of HVAT Act provided that if any dealer maintains false accounts or submit wrong accounts, return or document to evade payment of tax the AA may levy penalty (Three times) in addition to the tax evaded/ avoided.

Dealer is trader/ manufacturer of rice, rice bran and paddy etc. While finalizing assessment the dealers were allowed benefit of consignment sale of rice and paddy etc. Worth Rs 100607034/- against form f. Scrutiny of F forms revealed that transaction involved in these F forms worth Rs .9049715.00 were found invalid/in- genuine as per dvat.gov.in RC of Delhi dealer was cancelled before was cancelled before transaction. This shows that the dealer had claimed wrong benefit of consignment sale against F forms worth Rs.9049715. Accordingly, penal action under Section 38 of HVAT Act, 2003 was to be taken against the dealer. Due to claim of wrong benefit of consignment sale against invalid F forms has resulted into under assessment of tax of Rs 1809942.00 (9049715 @5.00% = 452485 and penalty Rs. 1357457), which is brought to the notice of Assessing Authority for taking suitable action as per Act.

Sr. No.	Name of the dealer	State	F form No.	Value in Rs.	Remarks
1.	M/s Tek chand Rakesh Kumar 07460386764	Delhi	12334663190515	626033	
2.	-do-	Delhi		3052840	RC of the dealer was cancelled w.e.f 08.11.2010. before transaction
3.	-do-	Delhi		2669317	
4.	-do-	Delhi		910309	
5.	-do-	Delhi		1791216	
		Total		9049715	



### Reply of Para

The original assessment of the firm was framed vide Assessing Authority order no. 1099/14-15 dated 09.03.2018 and an ECF of Rs.198771/- was allowed under HVAT Act and Nil demand was created under CST. Thereafter, Audit party raised objections regarding F form transactions. Accordingly, verification letter was issued to the Jurisdictional Authority, who vide his verification report No. Ward-71/2019-20/2060 dated 20.09.2019 informed that;

“It was revealed during the local enquiry that no such firm was functioning there. It seems that the dealer is engaged in bogus/suspicious activities on 20.09.2015 w.e.f. 08-11-2010 i.e., date of registration.) the dealer has filed his returns upto 2015-16 1<sup>st</sup> Quarter.”

Accordingly, reassessment under section 17 of the HVAT Act, 2003 read with section 9(2) of CST Act was framed and a demand of Rs.1809942/- was created under HVAT Act, 2003 vide the assessing authority order disposal No. 29A dated 31.03.2023.

TDN alongwith order stands served upon the dealer on dated 15.05.2023

### 17. M/s Nand Auto Store, Rohtak, TIN 06912828314, A.Y 2016-17

#### Audit Objection

डीलर का नाम— M/S. NAND AUTO STORE

टिन संख्या — 06912828314

निर्धारण वर्ष— 2016-17 / 568 / 20.11.2018

एच वैट एक्ट 2003 के सैक्शन 38 में प्रावधान है कि यदि कोई डीलर निर्धारण प्राधिकारी के समक्ष खरीद, बिक्री, आयात, निर्यात, स्टॉक छुपाता है, रिटर्नों से संबंधित बनावटी या झूठे लेखा बनाकर टैक्स को बचाता है तो प्राधिकारी डीलर को सुनवाई का उपयुक्त अवसर प्रदान करते हुए बचाए गए टैक्स के अतिरिक्त तीन गुणा जुर्माना अदा करने का निर्देश देगा।

डीलर ऑटो स्पेयर पार्ट्स इत्यादि का व्यापारी है जिसकी कर निर्धारण केस फाईल की जांच में पाया गया कि उसके द्वारा सी फार्मों के विरुद्ध निम्नलिखित डीलरों को विक्रय दिखाकर इस बिक्री पर रियायती दर का लाभ प्राप्त किया गया।

Sr. No.	Name of the dealer	TIN	C Form No.	Date of transaction	Date of cancellation	Amount
1	Bankebihari Trading Co.	07787112757	12151058851116	19.09.2016	02.03.2016	610317
2	Bankebihari Trading Co.	07787112757	12151058851116	19.09.2016	02.03.2016	700184
3	Pushpdant Trading Co.	07777112132	12149247110816	04.05.2016 - 28.05.2016	01.03.2016	1975792
					<b>Total</b>	<b>3286293</b>

उपरोक्त विवरणी के अनुसार डीलर द्वारा कैंसेल्ड डीलरों को विक्रय दिखाकर गलत रियायती दर का लाभ प्राप्त किया जिस पर निर्धारण प्राधिकारी द्वारा उपरोक्त प्रावधानों के अनुसार कर के अतिरिक्त जुर्माने का निर्धारण किया जाना चाहिए था परंतु निर्धारण प्राधिकारी द्वारा ऐसा न करने के परिणामतः

राशि Rs. 1462400 (3286293\*11.125(13.125-2)/ 100=365600+1096800 penalty) के कर का कम निर्धारण किया गया जिसे निर्धारण प्राधिकारी के ध्यान में बिक्री कर कानून के अंतर्गत बनती उचित कार्यवाही कर, लेखा परीक्षा को शीघ्र अवगत करवाने हेतु लाया जाता है।

### **Reply of Para**

The dealer M/s Nand Auto Store, TIN 06912828314 Rohtak is a Trader of Screws, Bolt & Nuts etc. The case of dealer was assessed vide D.No. 568 / 2016-17 dt. 20.11.2018 and a demand of Rs. 46945/- under CST Act, 1956 was created. Assessment order alongwith TDN was served upon the dealer.

Dealer has produced 'C' forms of Rs. 3286293/- during assessment of the case. However, in view of direction of worthy Excise & Taxation Commissioner, Haryana dated 08.01.2018 claim of 'C' forms of Rs 3286293/- was allowed which stands verified from 'TINXYS.COM'.

During the audit of the case file for the year 2016-17, the audit party raised objection that during cross verification of 'C' forms and status of purchasing dealers form website 'dvat' of Department of Trade & Taxes Delhi and website 'Rajtax' of commercial Taxes Department, Rajasthan, it was noticed that some dealers were found cancelled and 'C' forms are also shown as cancelled/invalid. In this regard, it is submitted that the claim of sale at concessional rate of tax against 'C' forms was allowed as per the directions of Worthy Excise & Taxation Commissioner, Haryana vide circular/instruction dated 08.01.2018, wherein, it is state that :-

- (i) At the outset the declarations furnished by the dealer shall be cross verified from the 'TINXYS' and the print from the 'TINXYS' of verification report shall be obtained and placed on the file. The verification form 'TINXYS' shall be done by the concerned Taxation Inspector of the ward.
- (ii) In cases where form as well as the transaction recorded therein are verified from the 'TINNXYs', the claim shall be allowed by the assessing authority.

Hence, in view of the direction of Worthy Excise & Taxation Commissioner, Haryana claim of sale at concessional rate was allowed to the dealer on verification of 'C' forms from 'TINXYS' and verification reports from the 'TINXTS' are placed on the file.

Further, Hon'ble Haryana Tax Tribunal in case of M/s Tulsi Lok Sons Vs, State of Haryana (STA No. 31 of 2018-19) held that selling dealer cannot be held liable to pay tax at full rate of tax in case of registration of purchasing dealer and 'C' form was subsequently cancelled with retrospective effect. The Hon'ble Haryana Tax Tribunal held that:-

"The matter may also be examined form another angle. The assessee-appellant obtained valid 'C' form from the aforesaid purchasing dealer and produced the said valid 'C' form before the Assessing Authority. If the said 'C' form was subsequently cancelled with retrospective effect, the assessee-selling dealer cannot be held liable for the same either to pay tax at full rate or to pay penalty for the same. In this view, we are supported by the case of Jain Manufacturing (India) Pvt. Ltd. (Supra). There was no fault of the assessee-selling dealer in making the aforesaid sale transaction and in producing 'C' form obtained from the purchasing dealer. If RC of the purchasing dealer was subsequently cancelled with retrospective effect alongwith 'C' form issued to the said dealer, the same was due to fault of the said purchasing dealer regarding tax evasion or

some other matter. For the same, the assessee-selling dealer cannot be blamed or held liable either to pay tax at full rate or to pay penalty regarding the transaction of the said 'C' form."

Hon'ble High Court of Delhi in case of Jain Manufacturing (India) Pvt. Ltd. {2018(7) TMI 1861}, held that the retrospective cancellation of the GST registration of the purchasing dealer would not effect right of the selling dealer to use the 'C'-form validity issued to such selling dealer. Relying on the Judgements of Hon'ble Supreme Court in cases of State of Maharashtra Vs. Suresh Trading Co. (1998) 109 STC 439 (SC), State of Orissa Vs. Santosh Kumar & Co. (1983) 054 STC 322 (Orissa) and State of Madras Vs. Radio Electrical Ltd. And Anr. 1966 (18) STC 222 (SC), the Hon'ble High Court of Delhi held that:-

"No provision in the CST Act has been brought to the notice of the Court which enables an authority issuing a 'C'-Form. Rule 5(4) of the Central Sales Tax (Delhi) Rules, 2005 enables the authority which has to issue a 'C'-Form to "withhold" the 'C'-Form".

"where the cancellation of the registration and, consequently of the 'C'-Form is sought to be done retrospectively, it would adversely affect the rights of bonafide sellers in other states who proceeded on the basis of the existence of valid CS registration of the purchasing dealer on the date of the inter-se sale. That outcome is not contemplated by the CST Act and Rules thereunder."

Hence, in view of the above submission and Judgments of Hon'ble Supreme Court, High Court and Haryana Tax Tribunal, audit para may please be dropped.

In reply to the audit objection it is stated that Letters for verification have been issued to concerned officer of concerned district and further reminders have been sent vide memo No. 3292 dated 26.02.2021 and memo No. 3668 dated 14.02.2022.

In reference to this office memo No. 3668/14.02.2022 reply has been received from Department of Trade & Taxes, Vyaypar Bhawan, IP Estate, New Delhi (Ward-84) vide No. F1/Ward-84/2022/1036/23.02.2022, stating there in that the firm M/s. Banke Bihari Trading Co. having TIN 07787112757 was registered on 02.03.2016 and current status is cancelled w.e.f 02.03.2016 on 03.01.2017. Further copy of 2A of M/s Banke Bihari Trading Co. DVAT, Portal has also been received along with the said memo, in which, the transaction of Rs. 1310501/- has been shown in 2<sup>nd</sup> Qtr.

In reference to this office memo No. 3669/14.02.2022, reply has been received from Department of Trade & Taxes, Vyaypar Bhawan, IP Estate, New Delhi (Ward-84) vide No. F1/Ward-84/2022/1037/23.02.2022, stating there in that the firm M/s Puspdant Trading Co. having TIN 07777112132 was registered on 01.03.2016 and current status is cancelled w.e.f 01.03.2016 on 22.09.2016. Further copy of 2A of M/s Puspdant Trading Co. DVAT, Portel has also been received along with the said memo, in which, the transaction of Rs. 1975792/- has been shown in 2<sup>nd</sup> Qtr.

In view of the above the audit para may be dropped.

**After hearing the departmental representatives, the Committee has observed that assessment has not been done in time for which responsibility of the defaulting officers/officials be fixed; the cases pending in appeal be concluded in a time bound manner and recovery be expedited under intimation of the Committee.**

**[7] 2.7 Excess benefit of Input Tax Credit due to non-reversal:**

**Assessing Authorities, while finalising the assessments, did not reverse the Input Tax Credit on account of tax free/inter-State Sales resulting in excess benefit of ₹ 4.68 crore:**

As per Schedule 'E', Entry 3 (b) read with Section 8 (1) of HVAT Act, (i) when goods are sold in the course of inter-State trade or commerce or (ii) when the goods are used in the manufacture of goods and the manufactured goods are sold in the course of inter-State trade or commerce or (iii) when the goods are sold at a sale price lower than the purchase price, input tax is admissible to the extent of amount of tax actually paid on the purchase of such goods in the State or tax payable on sale of such goods under the CST Act, whichever is lower.

Scrutiny of the records of 20,450 cases out of 82,868 cases (between September 2018 and August 2020) revealed that 12 dealers of eight<sup>9</sup> DETCs (Sales Tax), had shown purchases of ₹ 211.84 crore in 12 cases and claimed input tax credit (ITC) of ₹ 11.11 crore on purchase value. As per provision of the Act, ITC of ₹ 4.68 crore was to be reversed on account of sales made as tax free or in the course of inter-State trade and commerce. While finalising assessments (between September 2017 and September 2019) for the years 2014-15 to 2016-17, the AAs had not reversed the ITC. This resulted in allowing excess benefit of ITC of ₹ 4.68 crore due to non-reversal of ITC.

On this being pointed out, all the DETCs (ST) intimated in February 2022 that cases had been sent to DETC-cum-RA for suo moto action/reassessment proceedings had been initiated and in one case TDN had been issued for ₹ 15.93 lakh against the dealer.

During exit conference held in March 2022, the Department admitted the audit observations.

The Department may ensure that ITC credit is reversed in cases of tax-free sales and sales in the course of inter-State trade and commerce.

**The department in its written reply stated that as under: -**

TOTAL DEALER = 12

- 1. M/s Hindustan Petroleum Corporation Ltd., Ambala, TIN 06111010408, A.Y. 2014-15**

**Audit Objection**

Under Section 8 of the Haryana Value Tax Act, 2003 input tax in respect of any goods purchased by a VAT dealer shall be the amount of tax paid to the State on the sale of such goods to him. Provided that where the goods purchased in the State are used or disposed of partly in the circumstances mentioned in Schedule 'E' and partly otherwise, the input tax in respect of such goods shall be computed pro rata.

The dealer is a trader of Petroleum Products. Scrutiny of assessment file revealed that the dealer claimed and allowed ITC of Rs. 21156242/- on purchase of SKO of Rs 503720038/-. The dealer exported the SKO out of State and sold tax free. As per aforesaid provision of the Act, input tax credit was to be reversed. The AAs, while

finalizing assessment reversed ITC of Rs. 50318/- only. This resulted in short reversal of ITC of 21105924/- (21156242-50318).

Further CST Act turnover of Rs 2370276632/- has been assessed as tax free domestic sale of LPG SKO through PDS. This is interstate sale not domestic and ISS of LPG & SKO is taxable. Reasons for assessment ISS tax free may be intimated to audit and commodity wise details of this sale may be provided.

The matter was brought to the notice of AA for taking necessary action as per act. In reply to audit memo the AA stated that the corporation has itself reversed proportionally wherever any stock transfer was made by it from local purchased products. The reply is not correct as input tax credit was to be reversed on the goods sold tax free on which ITC was claimed.

#### **Reply of Para**

In reply to the audit objection, it is submitted that, the original assessment in the case was framed by the then Excise & Taxation Officer vide D.No.1730/Dated 30.03.2018 and created an additional demand of Rs.3554663/- under HVAT Act, 2003 and Rs.96221260/- under CST Act, 1956. Thereafter, Audit Party raised an objection on dated 10.09.2018. On this issue the case has been sent to the Deputy Excise and Taxation Commissioner (ST)-Cum-Revisonal Authority, Ambala for taking suo moto action in the matter vide this office memo. No. 2065, dated 09.08.2021. Revisional Authority issued the notices to the dealer on 20.01.2022 and 07.09.2023.

Final outcome will be updated accordingly.

#### **3. M/s The Ambala District Coop-Milk Product, Ambala, TIN 06491022599, A.Y. 2014-15**

##### **Audit Objection**

Under Section 8 of the HVAT Act,2003, input tax in respect of any goods purchased by a VAT dealer shall be the amount of tax paid to the state on the sale of such goods to him.

Provided that where the goods purchased in the state are used or disposed of partly in the circumstances mentioned in Schedule 'E' and partly otherwise, the input tax in respect of such goods shall be computed pro rata.

Provided further that if input in respect of any goods purchased in the State has been availed of but such goods are subsequently used or disposed of in the circumstances mentioned in Schedule, the input in respect of such goods shall be reversed.

The dealer is a manufacturer of milk and Milk Product. Scrutiny of assessment file revealed that the dealer claimed and allowed ITC on purchase of taxable goods (Milk products, Machinery parts, Milk Chiller, Packing Material, Paddy Husk, Chemicals etc.) of Rs. 56375915/-. The dealer had consumed these goods in manufacturing of taxable and tax free goods and some milk products were transferred out of State against Form 'F'. The dealer sold tax free goods of Rs.1589547481/- and made consignment sale of Rs.45222716/-. As per aforesaid provisions of the Act, input tax credit was to be reversed proportionately. While finalizing assessment AA had not reversed ITC. This resulted in non reversal of ITC of Rs.3566496/-(1634770197\*4010072/1838091).

The matter is brought to the notice of Assessing Authority for taking necessary action as per act.

### **Reply of Para**

In reply to the audit objection it is submitted that the original assessment in the case was framed by the then Assessing Authority vide D.No. 350 dated 26.09.17 wherein an additional demand of Rs.61,58,496/- was created under CST Act, 2003.

The audit party raised the objection that The dealer is a manufacturer of Milk and milk products, Scrutiny of assessment file revealed that the dealer claimed and was allowed ITC on purchase of taxable goods worth Rs. 5,63,75,915/-. The dealer had consumed these goods in manufacturing of taxable and tax free goods and some milk products were transferred out of State against "F" form. The dealer sold tax free goods of Rs. 1,58,95,47,481/- and made consignment sale of Rs. 4,52,22,716/- As per section 8 of HVAT Act, 2003 of the Act, input tax credit was to be reversed proportionately. This resulted in non reversal of ITC of Rs. 35,66,496/- -1,63,47,70,197\*4,010,072/1,83,80,91,784).

In reply to the Audit objection, it is intimated that the file has been sent to the Deputy Excise & Taxation Commissioner-cum-Revisional Authority, Ambala for suo-moto action on dated 08.11.2018. The DETC –cum- Revisional Authority remanded back the case for 'denovo assessment'. The Assessing Authority issued notice for assessment of remand case under HVAT Act and CST Act on 09.03.2022. The case has been Assessed vide order no. 19/2014-15 (Re) dated 25.03.22 wherein an additional demand of Rs. 65,35,291/- was created under HVAT Act. The TDN in form VAT N-4 has also been served upon to the dealer. Further, the notice regarding recovery of outstanding due was also issued on dated 18.05.22, 08.06.2023. None Present in response to the notice. Now, the recovery proceeding of VAT Arrear has been transferred under GST Act by issuing notice under section 142(8)(a) of HGST Act, 2017 to recover the VAT Arrear. Now the dealer has preferred an appeal before the Jt. Excise & Taxation Commissioner(Appeals), Ambala. Final outcome will be updated accordingly.

### **5 M/s Ritik Enterprises, Charkhidadri, Bhiwani, TIN 06231112564, A.Y. 2014-15 AUDIT OBJECTION**

Under Section 8 (1) of HVAT Act, if a dealer uses the goods (VAT paid) in manufacturing of taxable/tax-free goods or partly disposes of the goods manufactured otherwise than by way of sale, input tax credit is allowable on pro-rata basis.

The dealer is a trader of edible oil. The dealer purchase edible oil worth or Rs. 81288955/- after payment of VAT Rs. 4267670/- and made consignment sale of goods against declaration forms 'F' worth of Rs. 71747841/- Accordingly ITC of Rs. 2582115/-(4267670\*71747841/118583442) was to be reversed proportionality. However, while finalizing the assessment the then Assessing Authority did not reversed the ITC on pro-rata basis. Thus, due to non reversal of ITC has resulted in under assessment of tax Rs. 2882115/-

The matter is brought to the notice of Assessing Authority for taking suitable action as per law of HVAT Act.

**AUDIT REPLY**

In reply to the audit objection, It is intimated that the case file of M/s Ritik Enterprises, TIN- 06231112564 for the year 2014-15 has already been sent to the Revisional authority-cum- Dy. ETC (Inspection), Rohtak for taking suo moto action for revision of the case Vide office memo no. 1802/DTI dated 11.02.2022. Case is under revisional proceeding before the DETC (Inspection), Rohtak. As soon as the case is decided by the competent authority, result will be intimated to the audit authorities accordingly.

**6. M/s Dalima Traders, Bhiwani, TIN 06471106418, A.Y. 2015-16****AUDIT OBJECTION**

Non reversal of Input tax credit on goods transferred resulted in short realization of tax Rs. 12.15 lakh.

The dealer is engaged in the manufacturing and trading of cotton seed oil. The A.A. assess the case by taking GTO worth Rs. 35,12,79,215/- of which the consignment sale made worth Rs. 12,37,16,357/- and shown worth Rs. 68,37,64,470/- against F forms under CST sale. During test check of assessment case it revealed that the dealer had claimed input tax of Rs. 62,41,197/- on local purchase worth Rs. 32,02,39,270/-. The consignment sale of Rs. 6,83,76,470/- was made from the goods purchase locally or within state. Hence proportionately ITC was to be reversed worth Rs. 12,14,848/- (Rs. 62,41,197/- x 6,83,76,470/35,12,79,215). Non reversal of ITC on goods transferred resulted in short realization of tax worth Rs. 12,14,848/-

Test check of case file revealed that reasons were not found/placed on record for under assessment of tax. Such similar cases may be examined in detail and appropriate action may be taken as per HVAT Act 2003 under intimation to Audit.

**AUDIT REPLY**

In reply to the audit objection, It is intimated that the case file of M/s Dalmia Traders, TIN 06471106418 for the year 2015-16 has already been sent to the Revisional Authority-cum- Dy. ETC(Inspection), Rohtak for taking suo moto action for revision of the case Vide office memo No. 1837 dated 15.02.2022. Case is under revisional proceeding before the DETC(Inspection), Rohtak. Request Letter No. 1128/DTI dated 06.06.2023 for early revision, and reminder letter No. 1479/DTI dated 14.08.2023 was sent to the Revisional Authority, Rohtak. As soon as the case is decided by the competent authority, result will be intimated to the audit authorities accordingly.

**7. M/s Govind Electricals, Faridabad (North), TIN 06171323766, A.Y. 2015-16****Audit Objection: -**

अनुसूची ई की धारा 3 (बी) के अनुसार यदि इंटर स्टेट बिक्री में कोई वस्तु जो अनुसूची सी की मद नहीं है। व as such बेची जाती है तो उस पर ITC वो मान्य होगा जो उस पर वास्तविक कर अदा किया गया हो या सी.एस.टी. बिक्री पर जो कर प्राप्त हो, दोनों में से जो कम हो।

उपरोक्त व्यापारी होम appliances इलेक्ट्रिकल गुड्स इत्यादि का व्यापार करता है। डीलर us 77819838/- करोड़ रु0 मूल्य की 13.125 की वस्तुएं हरियाणा के डीलर व उस पर 10213854/- रु0 का ITC लिया। इसी तरह डीलर ने एल-पी 3 पर भी होम appliances खरीदें। उरोक्त दोनों तरह की खरीदों में से लोकल बिक्री व 88621900/- की सी0एस0टी0 बिक्री की गयी। परंतु एक्ट में संशोधन के अनुसार ITC में रीवर्सल नहीं किया। वर्ष 2015-16 में लोकल सेल (77819838-12159404 लोकल सेल 16697044 ग 11.125 प्रतिशत) बनता है। इस प्रकार में ITC रिवर्स न करके 5447177/- रु0 के कर व उस पर ब्याज का कम निर्धारण किया गया।

मामला कर निर्धारण अधिकारी के संज्ञान में एक्ट के अनुसार करवाई हेतु ध्यान में लाया जाता है।

**Reply of Para : -**

The dealer is engaged in the business of trading of home appliances and electrical goods. The case was assessed on 01.03.2019 vide demand no. 792 / 2015-16. The case has been sent to D.E.T.C. (I) , Faridabad (North) for suo moto revision u/s 34 of HVAT Act, 2003 & u/s 9(2) of the CST Act , 1956 vide this office Endst No. 7851 / S / W-2/ Dated 22.10.2020. The case is pending before the Revisional Authority –cum- D.E.T.C. (I) , Faridabad (North) . The next date of hearing before the Revisional Authority –cum- D.E.T.C. (I) , Faridabad (North) is 18.09.2023. Final reply will be furnished as and when the case is finalized by the Revisional Authority.

**9 M/s Hilex Auto Electrical Pvt. Ltd., Gurugram (West), TIN 06451930444, A.Y. 2015-16**

**Audit Objection: -**

As per provisions of section 8 of HVAT Act 2003, in respect of any goods purchased by a VAT dealer shall be the amount of tax paid to the state by the selling dealer on sale of such goods to him and shall include the tax paid under this Act in respect of goods held in stock by him but shall not include tax paid in respect of goods specified in Schedule ' E ' used or disposed of in the circumstances mentioned against such goods.

Provided further that if input tax in respect of any goods purchased in the State has been availed of but such goods are subsequently used or disposed of in the circumstances mentioned in Schedule ' E ' , the ITC in respect of such goods shall be reversed.

The dealer is a manufacturer and trader of Auto / tractor parts. During scrutiny of the case file it revealed that the dealer purchased raw material goods worth Rs.54522218/- from VAT dealer and claimed / allowed ITC of Rs. 2767558/-. The dealer exported manufactured goods worth Rs. 32583424 /- out of state goods against F forms. Under these circumstances ITC of Rs.923001 /- (Rs.88831542 GTO / Rs.2516361 ITC X Rs.32583424) was required to be reversed under the aforesaid provisions of the Act. The AA, while framing assessment no ITC has reversed . This has resulted in under assessment of tax of Rs.9233001.

This is brought to the notice of Assessing Authority for taking action as per Act.

**Reply of Para : -**

The audit objection raised by the Audit Party is admitted. The Re-assessment of M/s Hilux Auto Electric (P) Ltd Gurugram, holding TIN – 06451930444 for the year 2015-16 has been framed vide disposal No.11 dated 10.01.2022 and ITC of Rs.923002/- has been reversed.

**10 M/s Shiv Trading, Tohana, Fatehabad, TIN 06031403965, A.Y. 2015-16**

**AUDIT OBJECTION**

As per Schedule E section 3(b), if an item which is not and mentioned in Schedule C is sold as such in interstate trade then ITC on such transactions would be



the amount of tax actually paid on the purchase of such goods in the State under the Act or tax payable on sale of such goods under the Central Sales Tax Act, 1956, whichever is lower. Dealer is a trader of biri, jarda, fire works etc. and the case has been assessed under section 15(3) of the Act. Dealer has purchased goods attracting tax @ 21% worth Rs.1,33,76,493/- with an opening stock of Rs.87,758/- and claimed ITC of Rs. 27,20,672/- against the purchases worth Rs.1,29,55,580/- made from the dealers within the State. Dealer has also purchased the same goods worth Rs.4,20,913/- against LP-3 and also includes opening stock of Rs.87,758/-. Scrutiny of the case file revealed that the dealer had sold goods worth Rs.82,41,340/- under CST Act and goods worth Rs.73,36,718/- were sold after the enactment date i.e. 07-09-2015. Amendment to the Act effective from 07-09-2015 requires reversal of ITC Rs.13,93,976/-  $(82,41,340 - 4,20,913 \text{ (LP3)} - 87,758 \text{ (OS)} - 3,95,950 \text{ (prior to 7.9.15)} = 73,36,719 * 19\% = 13,93,976/-)$  Non reversal of ITC has resulted in under assessment of tax by Rs. 13,93,976/-

#### **AUDIT REPLY**

Para is admitted. In this regard, a show cause notice for revision of assessment order in case of M/s Shiv Trading Company A.Y 2015-16 was issued to the dealer by D.E.T.C(I)-Cum-Revisonal Authority, Fatehabad on dated 22.09.2022.

In response to the show cause notice, the dealer submitted that notification dated 07.09.2015 had been challenged in Hon'ble Punjab & Haryana High Court which was fixed for 22.08.2022 as CWP No. 29772 of 2019.

Now, the matter is pending in Hon'ble Punjab & Haryana High Court and the next hearing is on 06-02.2024.

**11 M/s Nayyar Glass Plywood, Jagadhri, TIN 06931602902, A.Y. 2016-17**

#### **AUDIT OBJECTION**

**Subject:- Excess Benefit of ITC due to non-reversal**

The dealer is a trader of glass and plywood. During the year, dealer had filed all quarterly & annual returns along with balance sheet and declared his GTO Rs. 3,13,90,295/- out of which sale of Rs. 2,32,16,193/- was interstate against Form C and claimed input of Rs. 19,97,702/-. While finalizing assessment, AA framed the Assessment u/s 15(3) as scrutiny assessment and levied tax accordingly amounting to Rs. 10,63,941/- under VAT and RS. 10,95,441/- under CST. Input tax was also allowed as claimed. During the audit test check of the file, it has revealed that the AA allowed input tax on entire purchase at full rate of tax whereas the input tax shall be, to the extent of the amount of tax actually paid on the purchase of such goods in the state under the Act or tax payable on sale of such goods under the Central Sales Tax Act, 1956, whichever is lower. Thus the input tax was to be allowed upto the output tax liability. Allowing of excess input tax on goods sold in interstate resulted in short realization of tax of Rs. 19,51,684/-  $(17543231 @ 13.125-2\%)$ .

The matter is forwarded to the Assessing Officer for action as per rules.

#### **AUDIT REPLY**

M/s Nayyar Glass and Plywood Emporium is registered with department vide TIN 06931602902. Their case for the year 2016-17 was assessed by Assessing Authority vide disposal No. 418/2016-17 dated 30.11.2018.

The Audit party has raised objection that Assessing Authority allowed input tax on entire purchase at full rate of tax. However, input tax should have been allowed to the extent of the amount of tax actually paid on the purchase of such goods in the state under the Act, or tax payable on sale of such goods under the Central Sales Tax Act, 1956, whichever is lower.

In reply to objection, it is submitted the assessment case of the dealer had been sent to the DETC(ST), Jagadhri for taking suo-moto action and the Revisional Authority had since die the case in view of the pendency of the vat appeal no. 297 of 2018-ETC vs Light graphics (P) Ltd., which is still pending in Hon'ble High Court of Punjab and Haryana. The firm is now running and having GSTN 06BENPK5985E1Z3 and filed returns up to July, 2023.

In view of the above, the para may be dropped.

## 12 M/s Dayal Motors, Jagadhri, TIN 06671614200, A.Y. 2016-17

### AUDIT OBJECTION

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अधिनियम की दिनांक 07.09.2015 को संशोधित की गई अनुसूची की धारा 3(ख) के अनुसार यदि कोई वस्तु जो वैट अधिनियम के Schedule C में नहीं दर्शाई गई हो कि राज्य से बाहर बिक्री की जाती है तो उस बिक्री पर ITC की राशी को उस खरीद पर राज्य में अदा की गई टैक्स राशी अथवा CST अधिनियम के अन्तर्गत अदा की जाने वाली टैक्स की राशी जो भी कम हो पर restrict किया जाएगा।

डिलर बस, ट्रक तथा इनके स्पेयर पार्ट्स का ट्रेडर है तथा केस का निर्धारण अधिनियम क धारा 15(3) के अनुसार किया गया था। डीलर द्वारा वर्ष के दौरान रु. 8,78,08,131/- की खरीद वैट अधिनियम के अन्तर्गत की गई थी। इसके आलावा वर्ष 2015.16 में रु. 37,17,553/- तथा वर्ष 2016.17 में 35,61,424/- रु. की खरीद राज्य से बाहर की गई खरीद थी। राज्य से की गई खरीद 13,125: कि दर से 1,15,23,491/- के ITC के क्लेम का लाभ निर्धारण अधिकारी द्वारा डीलर को दे दिया गया था। डीलर द्वारा वर्ष के दौरान 3,07,73,564/- रु. की बिक्री राज्य के बाहर की गई थी। राज्य से बाहर की गई बिक्री में से रु. 2,47,68,588/- की आपूर्ति राज्य के भीतर से की गई खरीद में से की गई थी। जिसका विवरण निम्नानुसार है:-

	Particulars	Value
A	Inter- state purchases of 2015-16	37,17,553
B	Inter- state purchases of 2015-16	35,61,424
C	Total Sales from outside the state	72,78,977
D	Inter- state Sales made in the year	3,07,73,564
E	Sales made from VAT purchases (D-C)	2,34,94,587
	<b>ITC to be reversed @ 11.125%</b>	<b>26,13,772</b>

अनुसूची E की धारा (ख)के अनुसार कर निर्धारित करते समय ITC का लाभ इस बिक्री पर 2 प्रतिशत की दर से प्राप्त हुए टैक्स की राशी तक सिमित करने उपरांत रु. 26,13,772/- का 11.125: की दर से ITC रिवर्सर किया जाना चाहिए था इसके साथ ही वैट एक्ट की धारा 14 (6) के अनुसार ITC रिवर्सल के बाद की राशी पर निम्नानुसार रु. 1899942 के ब्याज की अदायगी भी देय थी। परंतु इस केस फाइल की समीक्षा करने के दौरान ITC रिवर्सल करने तथा ब्याज ना लगाये जाने के कारण रिकार्ड पर नहीं फाईलें।

Interest Calculations		
1.	ITC due on local purchases	1,15,23,491/-
2.	ITC due to be reversed @ 11.125% on 2,34,64,587	26,13,772/-
3.	Balance ITC due	89,09,719
	VAT Vol. paid	95004/-
	Total	9005233/-
4.	VAT due to paid	11436097/-
5.	VAT outstanding after adjusting ITC	(-) 2430864/-
6.	CST due on 3,07,73,564/- @2%	615471/-
7.	CST paid	407526/-
8.	CST outstanding	(-) 207945
9.	Total tax outstanding (4+7)	2638809/-
10.	Interest leviable @ 2% PM for 36 months	1899942/-

मामला में हरियाण वैट अधिनियम के प्रावधानों अनुसार उचित कार्यावाही करने हेतु का निर्धारण अधिकारी के संज्ञान में लाया जाता है। तथा इस प्रकार के अन्य केसों की समीक्षा करके लेखा परिक्षा को सूचित किया जाए।

#### AUDIT REPLY

In reply to Audit para AMG-II /FC/STP-5/2020-21/13, it is stated that the case has been sent to Revisional Authority-cum-DETC for Suo Moto Action and the Revisional Authority vide demand no. 01/23-24/VAT/Dated 18.05.2023 passed the order in which demand of Rs. 1302952/- was raised and same was served upon to the dealer on 26.05.2023 out of which Rs. 302952/- stands recovered vide GRN 0104503536 dated 28.06.2023. Efforts are being made to recover the remaining amount. Hence para may be dropped.

**The Committee has desired that sincere and pragmatic efforts be made to effect the recovery to augment the revenue of the State under intimation of the Committee.**

#### [8] 2.8 Under assessment of tax due to application of incorrect rate of tax:

Assessing Authorities, allowed incorrect rate of tax to five dealers, which resulted in under assessment of tax of ₹ 1.44 crore. In addition, interest of ₹ 1.05 crore was also leviable:

The rates for various commodities under the Haryana Value Added Tax Act (HVAT Act) 2003 have been prescribed as per Schedules A to G. Further, under Section 7 (1) (a) (iv) of the HVAT Act, any commodity other than the commodities classified in any of the schedules is taxable at the rate of 12.5 *per cent* with effect from 1 July 2005. Surcharge at the rate of five *per cent* on the tax is also leviable under Section 7(A) of HVAT Act w.e.f. 02 April 2010. Further, interest was also leviable under Section 14 (6) of the HVAT Act.

Scrutiny of records of 12,071 cases out of 43,589 cases (between September 2018 and February 2019) of five DETCs (ST) revealed that the Assessing Authorities (AAs) while finalising the assessments (between September 2017 and March 2019) of six cases involving five dealers for the years 2014-15 to 2016-17 applied lower tax rates than the applicable rate of tax on sale of goods as mentioned in Table :-

**Table 2.8: Details of incorrect application of rate of tax**

(Amounts in ₹)

Sr. No. (C1)	DETC Office (C2)	Assessment year/ disposal (C3)	Commodity (C4)	Amount of Sale (C5)	Tax rate (including surcharge) leviable (C6)	Tax Amount leviable (C7)	Tax Amount levied (C8)	Short levy of tax (C9=C7-C8)	Interest
1	Bahadurgarh	2014-15/806 dt. 15 January 2018	Mitti	1,05,80,599	13.125%	13,88,704	0	13,88,704	10,85,040
2	Ambala	2014-15/350 dt. 26 September 2017	Paneer and White Butter	7,06,99,557	13.125%	92,79,317	37,11,727	55,67,590	39,38,142
3	Karnal	2014-15/645 dt. 12 February 2018	Paneer	1,37,82,684	13.125%	18,08,977	7,23,591	10,85,386	8,68,309
			Kaju Pinni and Milk Cake	12,36,688	5.25%	64,926	0	64,926	51,941
4	Palwal	2016-17/653 dt. 27 November 2018	Set Top Box (STB)	2,71,02,611	13.125%	35,57,218	14,22,887	21,34,331	10,77,126
5	Faridabad (West)	2015-16/1063 dt. 27 March 2019	Lubricant	5,31,75,964	13.125%	69,79,345	27,91,738	41,87,607	34,70,130
<b>Total</b>				<b>17,65,78,103</b>		<b>2,30,78,487</b>	<b>86,49,943</b>	<b>1,44,28,544</b>	<b>1,04,90,688</b>

The application of lower rate of tax resulted in under assessment of tax of ₹ 1.44 crore. In addition, interest of ₹ 1.05 crore was also leviable.

On this being pointed out, in three cases, AAs Bahadurgarh and Karnal (February 2022) intimated that additional demands of ₹ 90.48 lakh had been created and tax demand notice had been served upon the dealers. In one case, the AA, Palwal (February 2022) intimated that proceedings for re-assessment had been initiated. Replies from the AA, Ambala intimated that the case was remitted back to the Assessing Authority for "de novo assessment" by DETC (ST)-cum-Revisonal Authority and the AA Faridabad (West) stated that notice had been issued to the dealer.

During exit conference held in March 2022, the Department admitted the audit observations.

The Department may undertake a detailed scrutiny of other such cases in order to ensure that tax rates as per HVAT/CST Act are being levied.

**The department in its written reply stated that as under: -**

**TOTAL DEALER = 5**

**1. M/s The Ambala District Coop Milk Product, Ambala, TIN 06491022599, A.Y. 2014-15**

**Audit Objection**

Under Section 7(1)(a)(iv) of the HVAT Act, 2003, any commodity classified in Schedule C is taxable @ four per cent (five per cent w.e.f. 15 Feb 2010) and unclassified commodities are taxable @ 12.5% w.e.f. 1<sup>st</sup> July, 2005 and surcharge @ five percent on the tax leviable under Section 7(A) of the HVAT Act w.e.f. 2<sup>nd</sup> Feb 2010.

In case of M/s KCL Milk Products (India) Pvt. Ltd. Faridabad the Additional Chief Secretary to Government of Haryana, Excise & Taxation Department has clarified on 27.06.2014 that 'Paneer' and Butter plain & flavoured ' are taxable at general rate of tax i.e. 12.5%.

Scrutiny of case file revealed that the dealer sold Paneer and White Butter worth Rs. 7,06,99,557/- { Paneer of Rs. 4,85,99,577/- + White Butter of Rs. 2,21,00,000 /- (Total 4,03,00,000- 1,82,00,000)} against D-1). The Assessing Authority (AA) while finalizing the assessment assessed the sale of Paneer and White Butter @ 5.25% instead of correct rate of 13.125%. This has resulted in short levy of tax of Rs. 55,67,590/- (7,06,99,557/- x 7.875%) besides interest.

The matter is brought to the notice of Assessing Authority for taking necessary action as per act.

**Reply of Para**

In reply to the audit objection it is submitted that the original assessment in the case was framed by the then Assessing Authority vide D.No. 350 dated 26.09.17 wherein an additional demand of Rs.61,58,496/- was created under CST Act, 2003.

Scrutiny of case file revealed that the dealer sold Paneer and White Butter worth Rs. 7,06,99,557/- { Paneer of Rs. 4,85,99,577/- + White Butter of Rs. 2,21,00,000 /- (Total 4,03,00,000- 1,82,00,000)} against D-1). The Assessing Authority (AA) while finalizing the assessment assessed the sale of Paneer and White Butter @ 5.25% instead of correct rate of 13.125%. This has resulted in short levy of tax of Rs. 55,67,590/- (7,06,99,557/- x 7.875%) besides interest.

In reply to the Audit objection, it is intimated that the file has been sent to the Deputy Excise & Taxation Commissioner-cum-Revisonal Authority, Ambala for suo-moto action on dated 08.11.2018. The DETC –cum- Revisonal Authority remand back the case for 'denovo assessment'. The Assessing Authority issue notice for assessment of remand case under HVAT Act and CST Act on 09.03.2022. The case has been Assessed vide order no. 19/2014-15 (Re) dated 25.03.22 wherein an additional demand of Rs. 65,35,291/- was created under HVAT Act on account of ITC reversal as pointed by the Audit party. The TDN in form VAT N-4 has also been served upon to the dealer. Further, the notice regarding recovery of outstanding due was also issue on dated 18.05.22, 08.06.2023. None Present in response to the notice. Now, the recovery proceeding of VAT Arrear has been transferred under GST Act by issuing notice under section 142(8)(a) of HGST Act, 2017 to recover the VAT Arrear. Now the dealer has preferred an appeal before the Jt. Excise & Taxation Commissioner(Appeals), Ambala. Final outcome will be updated accordingly.

**2. M/s Ruhil Developers Pvt. Ltd., Bahadurgarh, Jhajjar, TIN 06791708612, A.Y. 2014-15**

**Audit Objection:**

Under Section 7 (1) (a) (iv) of the HVAT Act, any commodity other than commodities classified in any of the schedules 'C' is taxable at the rate of 4 per cent (5 per cent with effect from 15 February 2010) and the unclassified commodities are taxable at the rate of 12.5 per cent with effect from 1 July 2005 and surcharge @ 5% on the tax leviable under Section 14(6) of the HVAT Act, if any dealer fails to make payment of tax.

Dealer is a lump sum contractor. During test check of case file it was noticed that as per assessment order dealer sold Soil of Rs. 10580599/- as tax free. Soil are unclassified hence, taxable @ 13.125% Assessing Authority while assessment assessed the sale of Soil as tax free. This resulted in underassessment of tax of Rs.1388703/- (10580599\*13.125%) besides interest u/s 14(6) of HVAT Act 2003.

Matter is brought to the notice of Assessing Authority for necessary action as per law. Reply may please be furnished to audit within 3 days in the case, otherwise it will be assumed that the observations made by the audit stand confirmed.

**Reply of Para:**

The Audit Objection of the firm is admitted. Notice of Re-assessment u/s 17 of HVAT Act, was issued to the dealer but none appeared. Therefore, final re-assessment of the firm has been framed as ex-parte vide D.N. 623A dated 29-11-2019. An additional demand to the tune of Rs. 9020942/- has been created. Further, Re-assessment order along with TDN has been served upon the dealer. Aggrieved with re-assessment order and demand raised in it, the dealer filed an appeal before the JETC (A)-cum-first Appellate Authority, Rohtak. The case is fixed for hearing on 30.10.2023 The final outcome of the case will be initiated in due course.

**3. M/s The Knl & KKR Co-operative Milk Producters Unions Ltd., Karnal, TIN 06142218947, A.Y. 2014-15**

**AUDIT OBJECTION**

Under Section 7(1) of the HVAT Act, Tax is leviable at the rates specified in schedules 'A' to 'G' of the Act depending upon the classification of goods and the items not classified in above schedules are taxable at general rate of tax i.e. 12.5% w.e.f. 01.07.2005. Surcharge at the rate of five per cent on the tax is also leviable under section 7(A) of HVAT Act w.e.f 2<sup>nd</sup> April 2010.

In case of M/s KCL Milk Products (India) Pvt. Ltd Faridabad the Additional Chief Secretary to Government of Haryana, Excise & Taxation Department has clarified on 27/06/2014 that 'Paneer' and 'Butter plain & Flavoured' are taxable at general rate of tax i.e. 12.5%. As per entry 100B of Schedule 'C' Mithai and taxable at the rate of five percent.

Scrutiny of case file revealed that the dealer sold Paneer of Rs. 13782683/- @ 5.25 percent, Kaju Pinni of Rs. 1121283/- and Milk of Rs. 115405/- tax free. The Assessing Authority (AA) while finalizing the assessment assessed the sale of Paneer @ 5.25 percent and Mithai tax free. This had resulted in short levy of tax of Rs. 1150312/- (13782683X7.875%= 1085386 plus 1236688 x 5.25%=64926) besides interest.

## REPLY OF PARA

In reply to audit it is submitted that the assessment case of M/s The KNL & KKR CO. Op Milk Producers Union Ltd, Karnal holding TIN- 06142218947 for the year 2014-15 has been decided by the Assessing Authority, Karnal vide disposal No. 645/2014-15, dated 12.02.2018 creating an additional demand of Rs 28811/- (Tax Rs 17568/-, Interest Rs 11243/- & Penalty Rs Nil) under the HVAT Act, 2003 and Rs Nil/- (Tax Rs Nil/-, Interest Rs Nil/- & Penalty Rs Nil) under the CST Act, 1956. The TDN issued and served to the dealer. The case has been sent to the Revisional Authority for taking suo moto action vide Letter No. 6811/Ward-9/Dated 07.02.2019. Now a letter vide this office No. 2789 dated 08.01.2021 has been written to DETC (I) Karnal, to dispose of the pending revision cases on priority basis. As and when the case is decided, the result will be intimated to the audit accordingly.

### 4. M/s ABC News, Palwal, TIN 066923208095, A.Y. 2016-17

#### AUDIT OBJECTION

*Under assessment of tax due to application of incorrect rate of tax*

Assessing Authorities, allowed incorrect rate of tax to five dealers, which resulted in under assessment of tax of Rs. 1.44 crore. In addition, interest of Rs.1.05 crore was also leviable.

The rates for various commodities under the Haryana Value Added Tax Act (HVAT Act) 2003 have been prescribed as per Schedules A to G. Further, under Section 7 (1) (a) (iv) of the HVAT Act, any commodity other than the commodities classified in any of the schedules is taxable at the rate of 12.5 *per cent* with effect from 1 July 2005. Surcharge at the rate of five *per cent* on the tax is also leviable under Section 7(A) of HVAT Act w.e.f. 02 April 2010. Further, interest was also leviable under Section 14 (6) of the HVAT Act.

Scrutiny of records of 12,071 cases out of 43,589 cases (between September 2018 and February 2019) of five<sup>10</sup> DETCs (ST) revealed that the Assessing Authorities (AAs) while finalising the assessments (between September 2017 and March 2019) of six cases involving five dealers for the years 2014-15 to 2016-17 applied lower tax rates than the applicable rate of tax on sale of goods as mentioned in Table :-

**Table 2.8: Details of incorrect application of rate of tax**

(Amounts in Rs.)

Sr. No. (C1)	DETC Office (C2)	Assessment year/ disposal (C3)	Commodity (C4)	Amount of Sale (C5)	Tax rate (including surcharge) leviable (C6)	Tax Amount leviable (C7)	Tax Amount levied (C8)	Short levy of tax (C9=C7-C8)	Interest
1	Bahadurgarh	2014-15/806 dt. 15 January 2018	Mitti	1,05,80,599	13.125%	13,88,704	0	13,88,704	10,85,040
2	Ambala	2014-15/350 dt. 26 September 2017	Paneer and White Butter	7,06,99,557	13.125%	92,79,317	37,11,727	55,67,590	39,38,142

3	Karnal	2014-15/645 dt. 12 February 2018	Paneer	1,37,82,684	13.125%	18,08,977	7,23,591	10,85,386	8,68,309
			Kaju Pinni and Milk Cake	12,36,688	5.25%	64,926	0	64,926	51,941
4	Palwal	2016-17/653 dt. 27 November 2018	Set Top Box (STB)	2,71,02,611	13.125%	35,57,218	14,22,887	21,34,331	10,77,126
5	Faridabad (West)	2015- 16/1063 dt. 27 March 2019	Lubricant	5,31,75,964	13.125%	69,79,345	27,91,738	41,87,607	34,70,130
<b>Total</b>				<b>17,65,78,103</b>		<b>2,30,78,487</b>	<b>86,49,943</b>	<b>1,44,28,544</b>	<b>1,04,90,688</b>

The application of lower rate of tax resulted in under assessment of tax of Rs. 1.44 crore. In addition, interest of Rs. 1.05 crore was also leviable.

On this being pointed out, in three cases, AAs Bahadurgarh and Karnal (February 2022) intimated that additional demands of Rs. 90.48 lakh had been created and tax demand notice had been served upon the dealers. In one case, the AA, Palwal (February 2022) intimated that proceedings for re-assessment had been initiated. Replies from the AA, Ambala intimated that the case was remitted back to the Assessing Authority for "de novo assessment" by DETC (ST)-cum-Revisonal Authority and the AA Faridabad (West) stated that notice had been issued to the dealer.

During exit conference held in March 2022, the Department admitted the audit observations.

The Department may undertake a detailed scrutiny of other such cases in order to ensure that tax rates as per HVAT/CST Act are being levied.

#### REPLY OF AUDIT PARA

The dealer is a trader of Set Top Boxes. The dealer is a live dealer migrated to GST. The Audit Party had raised an objection that the dealer was levied tax @ 5.25% on sale of Set Top Boxes instead of correct rate of tax @ 13.125% being an unclassified item during the financial Year 2014-15. Further, it is submitted that the re-assessment proceedings were initiated in the case which were finalized vide order dated 04.04.2022, wherein, a demand of Rs. 2134331/- was created. Besides creation of additional demand, interest u/s 14 of the HVAT Act, 2003 amounting to Rs. 2134331/- was charged on the additional demand and the total demand stands amounting to Rs. 4268662/-. The dealer has preferred an appeal before 1st Appellate Authority on the ground that it is classified under schedule 'C' vide entry no. 44 under HSN head 8517 and dealer has submitted surety of Rs. 427000/-. The date of hearing is not communicated.

#### 5. **M/s Exxonmobil Lubricants Pvt. Ltd., Faridabad (West), TIN 06041313507, A.Y. 2015-16**

##### **Audit Objection**

The rates under HVAT Act have been prescribed as per Schedules A to G. However, under Section 7(1)(a)(iv) of the HVAT Act, any commodity other than commodities classified in any of the ass schedules is taxable at the rate of 12.5 per cent. Further, interest is also leviable under Section 14(6) de of the HVAT Act, if any



dealer fails to make payment of tax, he shall be liable to pay, in addition to the tax payable by him, simple interest one percent per month if the payment is made within ninety days, and at two per cent per month if the default continues beyond ninety days for the whole period, from the last date specified for the payment of tax to the date he makes the payment.

The dealer is a trader of Lubricants. Scrutiny of case file revealed that the dealer had received lubricants on LP-S worth Rs. 2,46,33,79,199/- taxable @13.125%. While finalising assessment of tax AA levied tax @5.25% on sale of lubricants worth Rs. 5,31,75,964/-. Lubricants are unclassified and does not fall under any schedule of HVAT Act hence attract tax liability at general rate of tax i.e., 12.5% + surcharge. Accordingly, application of incorrect rate of tax on the sale of lubricants has resulted in under assessment of tax of Rs. 41,87,607 [Rs 5,31,75,964 @ 7.875% (i.e. 13.125% -5.25%)] besides interest. Similar cases may also be examined in detail under intimation to Audit.

Quarter	Rate of Tax	Total Turn over
1	5.25%	1,28,18,202
1	13.125%	6,51,66,214
2	5.25%	1,78,48,756
2	13.125%	8,59,88,457
3	5.25%	1,64,79,131
3	13.125%	14,62,63,562
4	5.25%	59,29,873
4	13.125%	5,63,61,194

@5.25% =>Rs 5,31,75,964 @13.125% =>Rs 35,3779,425. Hence, tax of Rs. 41,87,607 (Rs. 5,31,75,964 @ 7.875% (i.e. 13.125% - 5.25%)) besides interest has to be paid by the dealer.

#### Reply of Para

The Para is admitted. The firm has been migrated into GSTIN regime and stands active. The firm is doing the business of trading in petroleum products. The original assessment was framed by the then Assessing Authority under Section 15(3) of the HVAT Act, 2003 vide disposal No. 1063/2015-16 dated 27.03.2019 and an additional demand of Rs. 23584/- under HVAT Act, 2003 and Rs. 28695300/- CST Act 1956 has been created. Copy of order has also been duly served upon the dealer. In reply to audit Para it is submitted that the case has been taken up for reassessment under section 17 of HVAT ACT 2003. Now, the Re-assessment case has been decided vide disposal no. 06A/2015-16 dated 02.08.2023 creating an additional demand of Rs. 8422380/- under HVAT Act, 2003.

Hence, In view the above facts para may kindly be dropped.

**After hearing the departmental representatives, the Committee has desired that the responsibility of the officers/officials be fixed for allowing incorrect rate of tax; the pending cases be decided/concluded in a time bound manner and recovery be expedited under intimation of the Committee.**

#### [9] 2.9 Under assessment of tax due to less Gross Turnover:

Assessing Authorities, while finalising assessment, assessed the Gross Turnover less by ₹ 8.59 crore resulting in under assessment of tax of ₹ 51.58 lakh:

Under Section 2 (1) (u) of the HVAT Act, Gross turnover (GTO) in relation to any dealer means the aggregate of the sale prices received or receivable in respect of any goods sold, whether as principal, agent or in any other capacity, by such dealer and includes the value of goods exported out of State or disposed of, otherwise than by sale.

Scrutiny of records of 6,426 cases out of 22,973 cases of the offices of DETCs (Sale Tax) Faridabad (West), Fatehabad and Kaithal (between April 2019 and November 2020) of assessment cases for the years 2014-15 to 2017-18 (1<sup>st</sup> Quarter) revealed that while finalising the assessment (between March 2018 and January 2020) in three cases, Assessing Authorities (AAs) assessed the case on GTO of ₹ 21.55 crore. It was noticed by Audit that GTO were taken less by ₹ 8.59 crore for assessment. The reason was ascribed as sales/purchases not being considered for some quarters in GTO. This resulted in under assessment of tax of ₹ 51.58 lakh.

On this being pointed out, AAs Fatehabad and Kaithal intimated (February 2022) that notice for reassessment under Section 17 of the HVAT Act had been issued and served upon the dealers for February 2022. Final outcome of the proceedings would be intimated accordingly. The AA Faridabad (West) intimated (February 2022) that an additional demand of ₹ 46.90 lakh was created and notice had been served upon the dealer. Efforts were being made for recovery of arrears.

During exit conference held in March 2022, the Department admitted the audit observations.

The Department may issue instructions to all the AAs to consider proper GTO at the time of assessment by including all incidental expenditure in gross turnover.

**The department in its written reply stated that as under: -**

TOTAL DEALER = 3

**1. M/s Rishita Sales Corporation, Fatehabad, TIN 06891408051, A.Y. 2014-15**

#### **AUDIT OBJECTION**

As per the provisions of Section 38 of HVAT Act, 2003 if a dealer has maintained/submitted false or incorrect accounts or documents with a view to suppressing his sales/purchases or evade tax he is liable to pay penalty in addition to tax a sum thrice the amount of tax.

The dealer is a trader and, in his R-2 dealer had shown GTO Rs. 4,28,40,135/- and Rs. 33654642/- as per accounts book. While finalizing assessment of tax AA framed the assessment u/s 15(2) as scrutiny assessment and levied tax as per R-2 calculated by dealer. Scrutiny of case file revealed that dealer neither submitted his account books nor reconciliation statement but the difference of GTO shown in R-2 without reason. Thus assessment was to be framed as per GTO declared in his quarterly returns in favor of revenue. Hence assessment of tax on short GTO resulted in under assessment of tax Rs. 12,05,596/- (42840135-33654643=91,85,492 @13.125%) besides penalty u/s 38 of HVAT Act 2003. Matter is brought to the notice of AA for taking suitable action as per sales tax law under intimation to audit.

In reply during exit conference Dy. E.T.C. stated that after examination final reply will be submitted later on.

## AUDIT REPLY

Para is admitted. In reply to para, notice for re-assessment U/s 9(2) of CST Act, 1956 was issued on dated 17-02-2022 and served upon the dealer. The Re-assessment was framed on dated 24-03-2023 U/s 9(2) of CST Act, 1956. The amount of Rs.9185492/- was assessed @5.25% and Rs.482238/- was calculated as tax and amount Rs.482238/- as interest. Assessment order and notice for demand in form of VAT N-4 were served upon the dealer via mail on dated 24-04-2023 and recovery notices were issued to the dealer on dated 12.06.2023 & 28.06.2023 after that Summon issued to the dealer on dated 7.7.2023, further more the arrear has been declared under Punjab Land Revenue 1987 by issuing notice to the dealer on dated 07.07.2023 and letters have been written to the Municipal Corporation, Fatehabad, The Tehsildar Fatehabad and The Estate Officer, Sector-13, Huda, Hisar on dated 25.08.2023 for furnishing the details of property .

Now, the demand for the A/y 2014-15 has been recovered vide GRN No. 0107067244 dated 13.09.2023.

## 2. M/s Sandeep Axlex Pvt. Ltd., Faridabad (West), TIN 06141923582, A.Y. 2015-16

### Audit Objection

The dealer is a manufacturer of Axles. The case was decided Expartie. Scrutiny of case file revealed that the dealer has filed all the four quarterly returns. While framing assessment in the case AA had taken the GTO Rs. 104643168 whereas GTO of one manually filed return was left which resulted in under assessment of GTO Rs. 45823336/-. This has resulted in under assessment of tax by Rs. 1881358/- (as per return on the TTO of Rs. 37616536/-) under HVAT and Rs. 410340/-(8206800@5%) under CST (besides interest).

Matter is brought to the notice of Assessing Authority for taking necessary action as per law, Similar cases may also be examined in detail under intimation Audit.

### Reply of Para

The objection raised in Audit is admitted. The Reassessment of this firm was framed of the year 2015-16 vide demand no. 79A, Dt. 03.11.2020 by the then ETO-cum-Assessing Authority vide order dated 03.11.2020, in which an additional demand of Rs. 4690356/- (tax – 340785/- + interest Rs. 1281271/- and Penalty Rs. 2000/-) under the HVAT Act, 2003 and Rs. 4121654/- were created under the CST Act, 1956. The copy of reassessment order alongwith notice of demand in Form VAT N-4 were issued to the dealer. Firm is active and migrated on GST Portal. A summon dated 22.09.2021 issued by Assessing Authority to firm for recovery the arrear. No place of business found at mentioned address of the dealer. After verification, it was found that firm is currently functioning under Dy. Excise & Taxation Commissioner, Palwal jurisdiction in Ward-02. A letter issued by the Assessing Authority for Dy. Excise & Taxation Commissioner, Palwal for recovery of the arrear letter no. 4075, dated 17.01.2022. After that a reminder has also been issued by Assessing Authority to Dy. Excise & Taxation Commissioner, Palwal letter no. 4406, dated 28.01.2022. In the reply Dy. Excise & Taxation Commissioner, Palwal has mentioned in their office letter no. 1390, dated 02.02.2022 that the firm is not functioning under Palwal jurisdiction of Ward-02. The Assessing Authority issued attachment letters of current account of firm to concerned banks DRC-07 also issued. Efforts are being made for recovery of arrears.

**The Committee has desired that a recovery cell be established exclusively for making recovery be expedited in this case under intimation of the Committee.**

**[10] 2.10.5.2 Grant of refunds**

**(B) Irregular refund on account of exports:**

Haryana Government vide its No. 356/GST-II dated 16 December 2019 and No. 798 dated 29 May 2020 instructed that while undertaking detailed scrutiny of application made for claim of refund on account of export of goods without payment of tax, the Shipping bill details shall be checked by the proper officer through ICEGATE<sup>20</sup> portal ([www.icegate.gov.in](http://www.icegate.gov.in)) to establish that refund is due to the applicant. Further, Rule 89 (2) (c) SGST Rules provides that in case of refund on account of export of services, the application for refund shall be accompanied by a statement containing the number and date of invoices and the relevant Bank Realisation Certificates (BRCs) or Foreign Inward Remittance Certificates (FIRCs), as the case may be. Guidelines also prescribed that supporting documents shall not be required to be physically submitted to the office of the jurisdictional proper officer.

Post automation: Scrutiny of records revealed that in three cases (DETCs Ambala: 1 case and Karnal: 2 cases), applicants claimed refund on account of export of goods without payment of tax. In these cases, the concerned officer(s) had sanctioned refund of ₹ 22.24 lakh against export value of ₹ 2.07 crore. While verifying the shipping bills, exports valuing ₹ 80.95 lakh could only be verified on ICEGATE portal and export of ₹ 1.26 crore could not be verified. Export documents for these transactions were also not found on the GST portal. Thus, taxpayers were entitled to refund of ₹ 9.99 lakh for verified value of export and sanction of refund of ₹ 12.25 lakh was irregular as it was done without verification of prescribed export documents.

Similarly, in another three cases, (DETC Gurugram (East): one case and Gurugram (South): two cases), applicants claimed refund on account of export of services without payment of tax. In these cases, the concerned officer(s) had sanctioned refund of ₹ 71.96 lakh against export value of ₹ 19.52 crore. Analysis of information/documents available on the ICEGATE portal revealed that taxpayers had not submitted copies of BRC/FIRC in token of realisation of consideration in convertible foreign exchange. Thus, the concerned officer(s) sanctioned irregular refund of ₹ 71.96 lakh without obtaining BRCs/FIRCs in contravention of the instructions.

The Department stated in the Exit Conference held in March 2022 and in response in March 2022 directed the concerned DETCs to verify the veracity of shipping bills from Customs formations under intimation to audit and also to furnish the relevant copies of BRCs/FIRCs.

**The department in its written reply stated that as under: -**

CAG Report :	2020-21
Para No. :	2.10.5.2(b) Post
Sr. No. as per CAG Report:	3
Name of Firm:	M/s Just Funky India Trading Private Limited
GSTIN :	06AADCJ5257A1ZX

### Audit Objection

Refund case in which irregular refund was allowed due to without obtaining BRCs/FIRCs.

ARN NO. & DATE	REFUND AMOUNT CLAIMED	REFUND SANCTIONED	IRREGULAR REFUND ALLOWED
AA061219017238A/16.12.2019	329689	329689	329689

### Reply

It is submitted that the objection raised by Audit Party in case of M/s Just Funky India Trading Private Limited Gurugram holding GSTIN 06AADCJ5257A1ZX has been examined by the Proper Officer. Audit objection raised by the audit party is admitted and it is submitted that the taxpayer has applied for refund of Rs. 329689/- under GST Act, 2017 vide ARN: AA061219017238A dated 16.12.2019 under category "Refund of ITC on Export of Goods and Services without Payment of Integrated Tax" for the period July 2018 to September 2018. The Taxpayer has applied for refund without supporting documents. Accordingly, show cause notice in-form GST DRC-01 under Section 74 of HGST/CGST Act, 2017 was issued to the taxpayer on dated 11.10.2023 vide reference No. ZD061023006795N.

Since, the show cause notice in-form GST DRC-01 has been issued to the taxpayer and further appropriate action will be taken in due course of time, hence, it is requested that the Para may kindly be dropped.

**The Committee has desired that recovery be expedited meticulously under intimation of the Committee.**

### [11] 2.10.5.3 Excess refund due to consideration of invoice value in place of Free on Board (FOB) value:

Section 54 (3) (i) SGST Act, 2017 provides for refund of unutilized input tax credit (ITC) at the end of any tax period for zero-rated supplies made without payment of tax. Similarly, Section 16 of the IGST Act in respect of integrated tax also stipulates that 'zero rated supply' includes 'export of goods or services or both'. Further, explanation (1) below Section 54 (14) of the Act inter alia states that 'refund' includes refund of tax paid on inputs or input services used in making such zero-rated supplies.

Sub-rule 4 of Rule 89 of SGST Rules provides the following formula for grant of refund in case of such zero-rated supply of goods without payment of tax:

Refund Amount = (Turnover of zero-rated supply of goods + Turnover of zero-rated supply of services) \* Net ITC / Adjusted Total Turnover).

CBIC vide its circular No. 37/11/2018-GST dated 15.03.2018 and Haryana Government vide its No. 356/GST-II dated 16 December 2019 instructed that the value of goods declared in the GST invoice and the value in the corresponding Shipping bill/bill of export should be examined by the proper officer from ICEGATE portal and lower of the two values should be taken into account while calculating the eligible

amount of refund. Guidelines also prescribed that supporting documents shall not be required to be physically submitted to the office of the jurisdictional officer during the post-automation period.

Pre automation: Scrutiny of records revealed that in eight<sup>24</sup> cases (1.40 *per cent*) Free on Board (FOB) value was ₹ 24.81 crore. However, the applicants claimed refund on the basis of invoice value of ₹ 26.79 crore. The concerned officers allowed the refund of ₹ 3.98 crore against the admissible refund of ₹ 3.71 crore by considering the invoice value instead of FOB value in contravention of the instructions which resulted in excess grant of refund of ₹ 0.27 crore.

Post automation: Scrutiny of records revealed that in eight cases<sup>25</sup> (1.40 *per cent*) Free on Board (FOB) value was ₹ 130.40 crore. However, the applicants claimed refund on the basis of invoice value of ₹ 140.86 crore. The concerned officer (s) allowed the refund of ₹ 9.60 crore against the admissible refund of ₹ 8.79 crore by considering the invoice value instead of FOB value in contravention of the instructions which resulted in excess grant of refund of ₹ 0.81 crore.

Thus, the Department failed to adhere the instructions for considering the lowest of the Invoice and FOB value resulted into excess grant of refund of ₹ 1.08 crore (**Appendix X**).

The Department stated in the Exit Conference held in March 2022 and in response in March 2022 that necessary directions have been issued to field offices to process the refunds by considering the lowest of the FOB and invoice value.

**The department in its written reply stated that as under: -**

Sub- Refund cases where excess refund was granted due to consideration of Invoice Value instead of FOB value

CAG Report- 2020-21 (Report on Refunds)

Para NO. 2.10.5.3 –Post- Automation

M/s Crazy Fashions Private Limited

GSTIN: 06AADCC3317N1ZO

Refund Amount Excess Sanctioned: Rs. 49466/-

**Audit Objection**

CBIC instructed (November 2019) that while scrutiny of application made for claim of refund on account of export of goods without payment of tax, the shipping bill details shall be checked by the Proper Officer through ICEGATE SITE ([www.icegate.gov.in](http://www.icegate.gov.in)). It was further clarified that during processing of the refund claim, the value of the goods declared in the GST invoice and the value in the corresponding shipping bill/ bill of export should be examined and the lower of the two values should be taken into account while calculating the eligible amount of refund. Guidelines also prescribed that supporting documents shall not be required to be physically submitted to the office of the Jurisdictional proper officer.

Scrutiny of refund cases revealed that in one case (Annexure D) the taxpayer had applied refund of accumulated ITC on account of export without payment of tax. Proper officer had sanctioned a refund of Rs. 9.63 lakh in this case. We notice that the department sanctioned refund for its zero-rated supplies considering invoice value of Rs. 428.59 lakh instead of the value (FOB) of Rs. 398.25 lakh given in their corresponding Shipping bills details available on ICEGATE web portal. In line with the instructions issued by CBIC, FOB value being lower than invoice value was required to be considered for grant of refund. Non consideration of FOB value for calculation the admissible refund resulted in excess payment of refund of Rs. 0.49 lakh.

Reason for not considering the FOB value instead of invoice value while granting for refund may be intimated to Audit.

Audit Reply

In reply to the audit para, it is submitted that the taxpayer is doing the business of Mfg. of Readymade Garments. The Audit has pointed out that the Excess Refund of Rs. 49,466/- was granted due to consideration of Invoice Value instead of FOB Value.

**The Audit Para is admitted.** The taxpayer is Active and Functional.

Accordingly, proceedings initiated against the taxpayer and Show Cause Notice was issued to the dealer on dated 30.07.2021 for 09.08.2021 and sent to the registered email ID of the firm. But nobody turned up nor furnish any reply to this Show Cause Notice (**Copy of Notice is enclosed**). After that, Recovery proceedings has been initiated against the dealer and the available ITC of Rs. 20518/- is blocked (**Copy of Blocked credit register is enclosed**).

Further proceedings initiated in this case by issuing a Show Cause Notice in Form GST DRC-01A to the taxpayer with the directions to pay the amount of tax, Interest & Penalty u/s 74 of the HGST Act, 2017 (Copy of Show Cause Notice for intimation of tax ascertained as being payable u/s 74(5) in form GST DRC-01A is enclosed). The taxpayer has not submitted any reply of this SCN in Form DRC-01A.

Accordingly, Show Cause Notice in Form DRC-01 U/s 74(1) of the CGST/HGST Act, 2017 is issued on dated 14-09-2023 vide Reference No. ZD060923011637D (Copy of SCN in Form DRC-01 is enclosed). Neither the taxpayer appeared nor submitted any reply in response of Show Cause Notice. Hence, Order in Form DRC-07 issued U/s 74 (9) of the CGST/HGST Act, 2017 vide Reference No. ZD061123013694Q dated 21-11-2023 and created demand of Rs. 1,34,250/- (Tax = 49466 + Interest = 35318 + Penalty = 49466). Recovery proceedings are in process.

Since, the issue has achieved its finality and hence, it is requested that the para may kindly be dropped.

**The Committee has desired that sincere and pragmatic steps be taken to effect the recovery under intimation of the Committee.**

#### **[12] 2.11.8.3.1 Carry forward of Ineligible amount of Transitional Credit:**

As per provision of Section 140 (1) of CGST/HGST Act, 2017, a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his ECL, the amount of CENVAT/VAT credit of eligible duties, carried forward in the return relating to the period ending (30 June 2017) with the day immediately preceding

the appointed day (01 July 2017), furnished by him under the existing law within such time and in such manner as may be prescribed:-

Provided that the registered person shall not be allowed to take credit in the following circumstances, namely;

- (i) Where the said amount of credit is not admissible as ITC under this Act; or
- (ii) Where he has not furnished all the returns required under the existing law for the period of six months immediately preceding the appointed date; or
- (iii) Where the said amount of credit relates to goods sold under such exemption notification claiming refunds as are notified by the State Government.

A taxable person who makes an undue or excess claim of ITC under Section 50 of CGST Act, 2017 read with sub-section (10) of Section 42 or undue or excess reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty four *per cent*, as may be notified by the Government on the recommendations of the Council.

**(a) Carry forward of excess Transitional Credit of non-eligible amount (where Tran-1 amount was not considered in Assessment Orders)**

Scrutiny of records of the office of 27 DETCs, it was revealed that out of the total 2,997 cases, in 700 cases, the Assessing Authorities (AAs) while finalising the assessments (between November 2017 and March 2021) for the year 2017-18 (1<sup>st</sup> quarter), taxpayers carried forward excess amount of ₹ 243.38 crore of VAT credit in TRAN-1 (GST regime), in excess of his eligible credit balance. This resulted in excess carry forward of VAT credit/transitional credit of ₹ 243.38 crore in ECL. In addition, interest was also leviable as per Act.

The Department stated in the Exit Conference held in March 2022 and in response in April 2022 that in nine DETCs out of 13 DETCs, an amount of ₹ 4.05 crore had been recovered in 42 cases<sup>30</sup> and in remaining cases action had been initiated to recover the balance amount.

The average excess grant of transitional credit was ₹ 35.37 lakh, however, the median value was ₹ 5.25 lakh.

**(C) Excess transitional credits through different tables of Form TRAN-1**

Scrutiny of records of the office of 27 DETCs, in three DETCs (ST) Faridabad (West), Faridabad (North) and Gurugram (West), it was revealed that out of 615 cases, the taxpayers applied for transitional credits in three cases amounting to ₹ 2.44 crore in TRAN-1 which was depicted in ECL. Further, it was seen that the taxpayers claimed similar transitional credit amount through different tables of TRAN-1. In this way, the taxpayers were allowed duplicate claim of transitional credit of ₹ 2.33 crore. This resulted in excess carried forward of VAT/transitional credit of ₹ 2.33 crore in ECL. Interest was also leviable as per Act.

The Department stated in the Exit Conference held in March 2022 and in response in April 2022 that an amount of ₹ 0.11 crore had been recovered in one case of Faridabad (West) and in remaining cases action had been initiated to recover the balance amount.



The average availment of duplicate transitional credit was ₹ 77.66 lakh whereas the median value was ₹ 23.76 lakh.

**(E) Allowance of ITC as transitional credit where said amount of ITC is not admissible as ITC under this act (for Exempted Goods)**

Scrutiny of the records of office of 27 DETCs, in eight<sup>31</sup> DETCs (ST) revealed that out of 729 cases, in 73 cases, dealers were engaged in trading/ manufacturing of food grains such as rice and its by-products etc. (falls in exempted category as per HGST act) on which ITC was not admissible in GST regime. These taxpayers claimed transitional credit of ₹ 71.78 crore in their TRAN-1, out of which a sum of ₹ 71.32 crore was not admissible as ITC because food grains items (rice, wheat) were tax exempted in GST regime. This resulted in excess carried forward of VAT/transitional credit of ₹ 71.32 crore in ECL. Interest was also leviable as per Act.

The Department stated in the Exit Conference held in March 2022 and in response in April 2022 that an amount of ₹ 0.16 crore had been recovered in two cases of DETC Karnal out of three DETCs viz. Karnal, Kurukshetra and Sirsa and in remaining cases action had been initiated to recover the balance amount.

The average of allowance of transitional credit on exempted goods was ₹ 1.04 crore whereas the median value was ₹ 23.91 lakh.

**(F) Allowance of transitional credit where taxpayers have not furnished all the returns required under the existing law**

Scrutiny of the records of office of 27 DETCs, in seven<sup>32</sup> DETCs (ST) revealed that out of 835 cases, in 18 cases taxpayers claimed transitional credits of ₹ 57.43 crore in TRAN-1. These taxpayers have availed transitional credits without furnishing all the returns required under the existing law (VAT) for the period of six months immediately preceding the appointed date. This resulted in excess carried forward of VAT/transitional credit of ₹ 57.43 crore in ECL. Interest was also leviable as per Act.

The Department stated in the Exit Conference held in March 2022 and in response in April 2022 that action had been initiated to recover the amount.

The average of irregular transitional credits without filing of requisite returns was ₹ 3.19 crore whereas the median value was ₹ 18.44 lakh.

**The department in its written reply stated that as under: -**

CAG Report	:	2020-21
Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	78
Name of Firm	:	M/s Myntra Design P. L. Gurugram (West)
GSTIN	:	06AAECM9636P1ZR
A.Y.	:	2017-18

**Audit Objection**

**Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
5063220	0	5063220	20-12-2017	31-03-2021	1197	3985101	9048321

### Reply

It is submitted that the objection raised by Audit team has been examined by the Assessing Authority. The dealer is a e-commerce operator and deals in trading of WOMENS OR GIRLS SUITS, ENSEMBLES, JACKETS, BLAZERS, DRESSES, SKIRTS, DIVIDED SKIRTS, TROUSERS,. Presently, as of now, the dealer is existing and functional. Audit objection raised by the audit team is admitted. Notice in form GST DRC-01 U/s 74(1) of HGST/CGST Act, 2017 was issued to the taxpayer on dated 04.09.2023 for 05.10.2023 for wrong claim of ITC Rs. 5063220/- in Tran-1. In response to above notice taxpayer has appeared and submitted that he has filed appeal before Jt. ETC (A) Faridabad on dated 24.09.2020 against the assessment order of F.Y. 2017-18 which is still not decided. An opportunity of physical hearing is granted to the taxpayer on 30.11.2023 for 07.12.2023. (Copy of DRC-01, Assessment order of F.Y. 2017-18 and appeal Form VAT-M1 are enclosed herewith).

CAG Report : 2020-21  
 Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 122  
 Name of Firm : Biba Apparels Pvt Ltd  
 TIN : 06181827724  
 GSTIN : 06AABCB9274BIZW  
 A.Y. : 2017-18

### Audit Objection

#### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried

forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1814880	0	1814880	12/27/2017	3/31/2021	1190	1420081	3234961

#### Reply of Para

In reply to the audit Para it is Intimated that the para is admitted and the firm stand active under GST Act, 2017 and deals in readymade garments. The assessment for the year of 2017-18 was framed vide disposal no 226 on dated 24.03.2021 and the additional demand Rs.3995896/- was created under the HVAT Act of Rs.50806489/- under the CST Act. The demand under the HVAT Act or Rs.3995896/- was created after adjustment of TRAN-1 claimed ITC of Rs.1814632/- and interest of Rs.1679139/- also levied. Recovery proceeding has already been started by the department by issuing recovery notices. The firm filed appeal before the Appellate Authority against the assessment order. Recovery will be made after due proceedings of Appeal accordingly. Copy of assessment order and copy of MA-1/MA-2 (appeal) attached for ready reference.

In the view of the above Audit Para may please be dropped.

#### CAG Report 2020-21

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 152  
 Name of Firm : M/s. J.C. TRADING COMPANY, Gurugarm (E)  
 GSTIN : 06ACKPY8775C1ZZ  
 A.Y. : 2017-18

#### Audit Objection

Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
5350756	0	5350756	12/27/2017	3/31/2021	1190	4186783	9537539

### Reply

It is submitted that the objection raised by the Audit in case of M/s. **J.C. TRADING COMPANY**, GSTIN-06ACKPY8775C1ZZ has been examined by the Assessing Authority. The dealer is trader and the firm is function at its principal place of business. The audit objection raised by the audit is accepted. Further, the demand amounting to ₹53,50,756/- for wrong availment of transitional credit under HGST Act, 2017 has been raised and the taxpayer has approached to appellate authority, Ld. JETC-cum-Appellate Authority, Gurugram and filed an appeal against the said demand. The said appeal case is still pending before Ld. JETC and the final outcome will be intimated as and when the said appeal decided by the Appellate Authority. However the case of the taxpayer has been taken up for Scrutiny of Returns for the year 2017-18 and Show Cause Notice in the form of DRC01 has been issued under section 73 of the HGST Act 2017 and rules thereunder. Outcome of the same after due proceedings will be intimated to the audit. In the view of the above audit para may please be dropped.(copy of the SCN attached).

### CAG Report 2020-21 (TRAN-1)

Para No. : 2.11.8.3.1(a)-  
Carry Forward of Excess Transitional Credit of VAT and Interest thereon-  
Rs. 4327473/-  
M/s Aztech India P. L.  
Sr. No. as per CAG Report : 167  
GSTIN : 06AALCA1491P1Z7  
Assessment Year : 2017-18

### Audit Objection

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s Aztech India P.L.** Carriedforwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has

been brought to the notice of Assessing Authority for acting as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 4327473/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
2431389	0	2431389	31.12.2017	31.03.2021	1186	1196084	4327473

#### Audit Reply

In reply to the audit para, it is submitted that the firm is doing the business of Trading of ELECTRIC GENERATING SETS AND ROTARY CONVERTERS in Gurugram, an original assessment for the Year 2017-18 were framed vide DO N70 78/2017-18 vide order dated 10.03.2021 by creating an additional demand of Rs.1650875/- under the HVAT Act 2003 & Rs. Nil/- under CST Act 1956. The assessment was framed **ex-party** u/s 15(4) HVAT ACT 2003. In reply to the audit para, it is submitted that the dealer has carried forward VAT Credit Worth Rs. 2431389/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/-.

The audit Para is admitted and the taxpayer is functional and active.

It is further submitted that the audit has calculated the interest @24% in the audit objection, whereas the applicable rate of interest is @18% as per Section 50 of the HGST / CGST Act, 2017. (Copy of relevant provision under Section 50 is enclosed). In this regard, it is submitted that the recovery proceeding were initiated against the dealer vide notice (DRC-01) dated 09.03.2022. (Copy enclosed).

The dealer has submitted the reply and as per that reply, he stated that the assessment for the year 2017-18 was framed ex-party and additional demand of Rs.1650875/- was created under the HVAT ACT 2003. The dealer preferred to file an appeal against the order before the first Appellate Authority Jt. ETC appeal Faridabad under the Ref. no. 00214220133717 dated 13.01.2022 Copy of memorandum of appeal is enclosed. The appeal is still pending before JETC (Appeal) Gurugram.

#### CAG Report 2020-21(TRAN-1)

Para No. : 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs. 7401216/-

M/s Vasudha Steel Ltd

Sr. No. as per CAG Report : 247

GSTIN : 06AAACV3756D1ZI,

Assessment Year : 2017-18

#### Audit Objection

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day,

furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that M/s Vasudha Steel Ltd Carriedforwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. 7401216/-

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
7401216-00	nil	7401216	06.11.2017	08.08.2019	640	2368390-00	9769606-00

#### Audit Reply

In reply to the audit para, it is submitted that the firm is doing the business of wholesale & Retail in ALUMINIUM WASTE AND SCRAP in Gurugram. The brief facts of the case is that an original assessment were framed for the A. Year 2017-18 vide D. No. 611/2017-18 vide order dated 28.12.2018 by creating an additional demand amount of Rs. 10777722/- under the HVAT act 2003. The dealer claimed TRAN-1 amount of Rs.7401216/-

The Audit para is admitted. The taxpayer is functional and active.

It is further submitted that the audit has calculated the interest @24% in the audit objection, whereas the applicable rate of interest is @18% as per Section 50 of the HGST / CGST Act, 2017. (Copy of relevant provision under Section 50 is enclosed). The A.A were rejected the TRAN-1 vide order dated 08.08.2019 vide order No- 01/RK03/GRN and created demand amount of Rs. 17170822/-. Therefore DRC-01 Issued to dealer on 29.08.2019 vide Demand ID No- ZA06081000049ZL. No reply submitted by the tax payer, none appeared before the under signed. The proper officer passed an order under section 74 of the Haryana Goods and Service tax Act 2017 red with rule 121 of the Haryana Goods and Services Rule 2017 on dated 08.08.2019. The proper Officer issued DRC07 for wrong claim of ITC in TRAN 1 of Rs. 7401216-00 (along with interest of Rs. 2368390-00 and penalty of Rs. 7401216-00= Total Amount 17170822-00) vide Ref ZA060819000492L dated 29.08.2019 (copy enclosed)

The dealer also filed an appeal before the first appellant authority before Jt. ETC

(Appeal) FBD vide Appeal NO.AP-11101190442264 dated 01.04.2019. The appeal pending before the JT.ETC (Appeal) FBD.

Para No. : 2.11.8.3.1(a)

Carry Forward of Excess Transitional Credit of VAT and Interest thereon-  
Rs. 869980/-

M/s Drive India Ent. Solutions Ltd.

Sr. No. as per CAG Report : 170

GSTIN : 06AABCD5823E2Z0

Assessment Year : 2017-18

### Audit Objection

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/sDrive India Ent. Solutions Ltd.** carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 869980/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
488798	0	488798	25.10.2017	31.03.2021	1186	381182	869980

### Audit Reply

In reply to the audit para, it is submitted that the firm is doing the business of trading of telephone sets, including telephones for cellular networks or for other wireless networks at Gurugram. it is submitted that the dealer has carried forward VAT Credit Worth Rs. 488798/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/-. Hence, the taxpayer has claimed excess ITC of Rs. 488798/- in TRAN-1. **The audit para is admitted. The taxpayer is functional and active.**

Verification in this regard has been made which reveals that as per the assessment order for the year 2017-18 the claim of excess ITC as per TRAN-1 of Rs.2610322/- has been rejected and interest is also levied (**Copy of assessment order is enclosed as Annexure A**). Total demand of Rs.6785176/- was created. Notice u/s 142 (8) of HGST Act, 2017 has been served upon the taxpayer. **Copy of Notice is enclosed.**

It further submitted that the Audit has calculated interest @ 24% from 25.10.2017 to 31.03.2021 (1186 days). This interest rate as per Section 50(3) of CGST/SGST Act, 2017. This interest was to be applicable after Government notification. However, the Government has not notified this interest rate. Hence, applicable interest rate is @18% and therefore, interest has been calculated @18% in DRC-07. This resulted the difference between the interest amount calculated by the Audit. On receipt of notice the representative of taxpayer appeared and submitted that he has not received copy of order as his lawyer had expired in COVID. Certified copy of order was handed over to taxpayer and he filed appeal against ex-parte assessment order. (**Copy of appeal attached**). The taxpayer has also submitted surety bonds for the same.

#### **CAG Report 2020-21 (TRAN-1)**

Para No.	:	2.11.8.3.1(a)-
Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs. 801241/-		
M/s Trident Auto Ind.		
Sr. No. as per CAG Report	:	233
GSTIN	:	06AAGFT8023J1Z1
Assessment Year	:	2017-18

#### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that M/s **Trident Auto Ind.** carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual



entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs.801241/-**.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
450177	0	450177	14-12-2017	31-03-2021	1203	356096	806273

#### **Audit Reply**

In reply to Audit Memo, it is submitted that the taxpayer is active and is doing the business of Manufacturing of parts and accessories of the motor vehicles of headings 8701 to 8705 - other parts and accessories -- silencers (mufflers) and exhaust pipes; parts thereof at Gurugram. In reply to the audit para, it is submitted that the dealer has carried forward VAT Credit Worth Rs. 450177/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/-. Hence, taxpayer has claimed excess ITC of Rs. 450177/- in Tran-1.

**The Audit Para is partially admitted. The taxpayer is found functional and active.** It is pertinent to mention that the audit party has wrongly calculated interest @ 24% u/s 50(3) of HGST Act, 2017, which is not implemented till date and the effective rate of interest is @ 18% u/s 50(1) of HGST Act, 2017.

Verification in this regard has been made which reveals that the dealer has filed an appeal against the assessment order before the JETC Appeal, Faridabad. Further, DRC-01 dated 14.09.2023 (copy enclosed) u/s 74 of HGST Act, 2017 has been issued for recovery of excess claimed ITC through TRAN-1.

Therefore, the necessary action as required under HGST Act, 2017 for protection of Government Revenue has been taken, hence, the para may please be dropped.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. no. as per CAG Report : 256  
 Name of Firm : SUMAN IND. , Faridabad(East)  
 GSTN. : 06ACWPJ6064B1ZI  
 A.Y. : 2017-18

**Audit Objection:-**As per the provisions of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner, as may be prescribed. Provided that the registered person shall not be allowed to take Input Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section 10 of section 42 or undue or excess reduction in output tax liability under sub-section 10 of section 43, shall pay

interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the under mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1.

Sr. No.	Name of Firm	GSTIN No.	TRAN-1 Claim	Eligible Claim	Excess claimed	From	To	Days	Interest	Total
1.	SUMAN IND.	06ACWPJ6064B1Z1	270176	127598	142578	26/10/2017	31/03/2021	1252	117375	259953

**Reply of Para:-** It is submitted that the objection raised by Audit in the case of M/s Suman Ind., Faridabad GSTIN-06ACWPJ6064B1Z1 has been examined by the Proper Officer and the Para is admitted. The taxpayer was engaged in the business of trading of float-rolled products of iron or non-alloy steel, of a width of 600mm or more, coldrolled. (HSN-7209). The current status of the taxpayer is active.

In reply to the audit objection, it is submitted that the taxpayer has claimed excess TRAN-1 amounting to Rs. 142578/- in the assessment year 2017-18. DRC-01 was issue to the taxpayer vide reference no. ZD060322009183Y Dated :30.03.2022 and DRC-07 was issued to the taxpayer vide Reference no. ZD060522002637O dated 04.05.2022. further it is stated that amount of Rs. 74938/- was recovered vide reference no. DI0608220027903 dated 16.08.2022, Rs. 217/- was recovered vide reference no. DC0605220135849 dated 31.05.2022 and Rs. 111/- was recovered vide reference no. DC0608220027022 dated 16.08.2022 (Total Rs. 75298/- recovered). Further the taxpayer has filed an appeal before Jt. ETC, Faridabad (Appeals) after remanded back by Hon'ble Punjab and Haryana High Court. It is requested to please para may be settled.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 374  
 Name of Firm : M/s RADHA MADHAV CONSTRUCTION COMPANY PVT. LTD (AMBALA)  
 GSTIN : 06AAGCR8161E1ZD  
 A.Y. : 2017-18

#### **Audit Objection**

#### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward

of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1157201	675477	481724	12/27/2017	03/31/2021	1190	376933	858657

### Reply

It is submitted that the objection raised by Audit in case of M/s RADHA MADHAV CONSTRUCTION COMPANY PVT. LTD, Ambala GSTIN 06AAGCR8161E1ZD has been examined by the Assessing Authority. The dealer is engaged in the business of WORKS CONTRACT SERVICES etc. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is not admitted.

In reply to audit para, it is humbly submitted that the taxpayer has claimed excess ITC as mentioned above and accordingly DRC-07 amounting to Rs. 13,68,096/- stands issued to the taxpayer on dated 02.03.2022. Now the tax payer has been contacted and he intimated that appeal has been filed against the order of the Proper Officer before Joint Excise and Taxation Commissioner (Appeals), Ambala( Receipt office of Appellate Authority is enclosed herewith and hearing in the case is yet to be fixed.The Para is pending since long and issue has attained the finality, it is humbly requested that this para may be settled.

### CAG Report 2020-21

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 381  
 Name of Firm : M/s MRG MARKETING (AMBALA)  
 GSTIN : 06AADCM7659M1ZV  
 A.Y. : 2017-18

### Audit Objection

#### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
54,11,891/-	0/-	54,11,891/-	July-2017	March-2018	1190	0	54,11,891/-

### Reply

The taxpayer M/s MRG Marketing, Ambala, GSTIN 06AADCM7659M1ZV, is engaged in trading of Air Condition and Washing Machine etc. Presently, the Taxpayer is existing, functional at the given address. The Audit objection raised by the Audit Party is admitted.

Please in reference to the earlier reply in respect to the present para, in continuation of the same, it is submitted that the notice was issued to the taxpayer. The taxpayer submitted the reply that his case for the assessment year 2017-18 has been decided as Ex-party vide Demand No.: 11/2017, dated: 05.03.2021, under section 15(4) of the HVAT Act, 2003 and created an additional demand of Rs. 2,30,66,481/- on account of disallowing of Input Tax Credit of Rs. 1,48,13,765/-. The taxpayer has preferred an appeal before Joint Excise and Taxation Commissioner (Appeal), Ambala against the order of Assessing Authority and also submitted the surety bond of disputed amount. The case is fixed for 19.10.2023 in the court of JETC (A), Ambala. This is submitted for information please.

### CAG Report 2020-21

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 390  
 Name of Firm : M/s Advanced Micro devices P Ltd, (AMBALA)  
 GSTIN : 06AABCA0652J2ZZ  
 A.Y. : 2017-18

### Audit Objection

#### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
551351	0	551351	12/27/2017	03/31/2021	1190	431413	982764

### Reply

It is submitted that the objection raised by Audit in case of M/s Advanced Micro devices P Ltd, Ambala, GSTIN 06AABCA0652J2ZZ has been examined by the Assessing Authority. The dealer is engaged in the business of other articles of plastics and articles of other materials etc. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is not admitted.

In reply to audit para, it is humbly submitted that subsequently, the order under HVAT Act, 2003 was rectified on dt 28.07.2020 the ECF of Rs. 36988/- reduced to Nil,

whereas, in its Tran-01 the taxpayer has claimed ITC of Rs.551351/-. In this manner, the excess ITC claim in Tran-01 comes of Rs. 551351/-. Accordingly, an intimation in form DRC-01A under section 74 read with rule 142 (1A) of CGST/HGST Act, 2017 stands issued to the dealer on dated 03.03.2022. But the taxpayer has failed to deposit the pending dues within the stipulated time. Now, notice is form DRC-01 u/s 74 issued on dated 09.05.2022. Thereafter, the order in Form DRC-07 stands issued on dt. 15.07.2022. Now the tax payer has been contacted and he intimated that appeal has been filed against the order of the Proper Officer before Joint Excise and Taxation Commissioner (Appeals), Ambala( Receipt office of Appellate Authority is enclosed herewith) and hearing in the case is yet to be fixed. The Para is pending since long and issue has attained the finality, it is humbly requested that this para may be settled

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. No as per CAG Report : 401  
 Name of Firm : M/s Krishna Trading (AMBALA)  
 GSTIN : 06AUCPG7724R1Z6  
 A.Y. : 2017-18

#### **AUDIT OBJECTION**

##### **(Credit of Non-Eligible amount (where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
456254	0	456254	26-10-2017	31-03-2021	1252	378766	835019

#### **REPLY OF PARA**

It is submitted that the objection raised by Audit in case of M/s Krishna Trading, GSTIN 06AUCPG7724R1Z6 has been examined by the Assessing Authority. The dealer is engaged in the business of Trading-Trader-Building material traders. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is not admitted or the objection raised by the audit is partly admitted or fully admitted.

This Reply is in continuation of the previous reply. In reply to the audit objection, it is submitted that the original assessment in this case was framed by the then Assessing Authority, Ambala City vide order dated 08.10.2019 and demand created to Rs. 35,584/- for the year 2017-18. The dealer has claimed ITC in TRAN-1 for Rs. 4,56,253/- and no

excess was allowed to the dealer as per assessment order for quarter ending 30.06.2017. The Assessing Authority issued final order (DRC-07) for Rs. 8,35,019/- vide Dated. 28.03.2022(Copy of DRC-07 is enclosed). The taxpayer filed an appeal before JETC(Appeal) against DRC-07 and same was still pending (copy of APL -01 attached ). After decision of appeal the outcome will be communicated. This para is pending since long time. It is humbly requested to settle this para.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 405  
 Name of Firm : M/s Rajiv Trading Co. (AMBALA)  
 GSTIN : 06AJMPM4903H1Z6  
 A.Y. : 2017-18

#### **AUDIT OBJECTION**

##### **(Credit of Non-Eligible amount (where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
809414	0	809414	26-10-2017	31-03-2021	1252	669870	1479284

#### **REPLY OF PARA**

It is submitted that the objection raised by Audit in case of M/s Rajiv Trading Co, GSTIN 06AJMPM4903H1Z6 has been examined by the Assessing Authority. The dealer is engaged in the business of Trading-Trader-Hardware and mill store. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is not admitted or the objection raised by the audit is partly admitted or fully admitted.

This Reply is in continuation of the previous reply. In reply to the audit objection, it is submitted that the original assessment in this case was framed by the then Assessing Authority, Ambala City vide order dated 12.09.2019 and demand created to Rs. 82,855/- for the year 2017-18. The dealer has claimed ITC in TRAN-1 for Rs. 8,09,414/- and no excess was allowed to the dealer as per assessment order for quarter ending 30.06.2017. The Audit party raised objection regarding Excess claim in Tran-1 Amount of Rs. 8,09,414/-. The para admitted. The Assessing Authority issued DRC-07 in which amount of 8,094,14/- +Interest 669870=Total 14,79,284/-. The dealer reversed of amount for Rs. 8,09,414/- on dated 26.10.2017 in credit ledger Excess balance amount as interest amount 6,69,870/- pending so the taxpayer filed an appeal and produced documents regarding reversal of amount 8,09,414/- in the court of Joint Excise &

Taxation Commissioner(Appeal). Hence the JETC(A) modify the original order in which reduced interest amount 6,69,870/- to 31,439/- and also imposed penalty Under section 122 of HGST Act, 2017 amounting to Rs. 10,000/-. (Copy of Appeal order attached herewith for ready reference.) Now the amount of Rs.(31,439+10,000) 41,439/- is outstanding as on date. The recovery proceeding initiated against the taxpayer to recover the said amount. This para is pending since long time. It is humbly requested to settle this para.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3(a)  
 Sr. No. as per CAG Report : 427  
 Name of Firm : M/s Balaji Oil Mills  
 TIN : 06AICPK8564H1Z3  
 A.Y. : 2017-18

#### **Audit Objection**

As per provision of Section 140 of HGST ACT 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

Name of Dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC Claim	From	To	Days	Interest	Total
M/s Balaji Oil Mills	06AICPK8564H1Z3	4184112/-	9298975/-	5114862	31.08.2017	31.03.2021	1308	4399062	9513924

Allowing excess carried forward of ITC I Tran-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which was partially used by the some dealers. As the access to ECL Was not available to audit

party, hence, calculation of interest has been made on the basis of months mentioned in Tran-1 of/form of dealers/ firms.

*Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest.*

#### **Reply of Firm**

In reply to the Audit Para, it is submitted that the taxpayer is a manufacturer of mustard flour. Taxpayer is existent and functional. It is intimated that the notices have been issued to the taxpayer for confronting him the facts/observation made on file. Last reminder was issued on dated 29.03.2022. Taxpayer has submitted a written reply along with an application for rectification of assessment order on account of submission of c form for the period 01.04.2017 to 30.06.2017. Further dealer has stated that demand raised in the assessment order was due to the adjustment of excess C/F as per VAT R-2 into the liability under CST act against non furnishing of c forms on file and tax was computed @13.125% instead of 2% against c form. Further dealer has intimated that his preferring first appeal before Ld. JETC(A), Hisar against the assessment order for the period 01.04.2017 to 30.06.2017. Case is partly rectified and for the remaining mismatch of amounting Rs. 1945411/- dealer preferred appeal before first appellate authority cum JETC appeal Rohtak. Case is under proceeding before the first appellate authority.

#### **CAG Report 2020-21**

Para No.	:	2.11.8.3(a)
Sr. No.	:	as per CAG Report 428
Name of Firm M/s	:	Trishul Stone Crusher
TIN	:	06AALFT1743Q1ZL
A.Y.	:	2017-18

#### **Audit Objection**

As per provision of Section 140 of HGST ACT 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.



During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

Name of Dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC Claim	From	To	Days	Interest	Total
M/s Trishul Stone Crusher	06AALFT1743Q1ZL	1628711/-	0	1628711/-	31.08.2017	31.03.2021	1308	1400781	3029492

Allowing excess carried forward of ITC I Tran-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which was partially used by the some dealers. As the access to ECL Was not available to audit party, hence, calculation of interest has been made on the basis of months mentioned in Tran-1 of/form of dealers/ firms.

Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest.

#### Reply of Firm

In reply to the Audit Para, it is submitted that the taxpayer is a stone crusher. Taxpayer is existent and functional. It is intimated that in response to the notice issued to the taxpayer, he has submitted a written reply along with an application for rectification of assessment order on account of submission of c form for the period 01.04.2017 to 30.06.2017 Case has been rectified vide order no. 1182/2017-18(rectification dated 04.03.2022) and demand reduced to Rs. 408650/- under CST Act, 1956. Further dealer has preferred 1st appeal against the original assessment order for the period 01.04.2017 to 30.06.2017. Case in under proceedings before the 1st appellate authority-cum- JETC (appeal) Rohtak.

#### CAG Report 2020-21

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	456
Name of the Firm	:	M/s Pardeep Fertichem Industry Pvt Ltd.
TIN/GSTN	:	06AAECB9057D1ZS
A.Y	:	2017-18

#### Audit Objection

As per provision of Section 140 of HGST Act 2017, a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in his electronic credit the amount of CENVAT/ VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take input tax credit in some specific circumstances.

A taxable person who make an undue or excess claim of input tax under 50 (3) of CGST Act 2017, read with sub section (10) of section 42 or undue or excess reduction in output tax liability under sub section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding 24%, as may be notified by the government on the recommendation of the council.

During scrutiny of case files of the under mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1314679	0	1314679	27.12.2017	31.03.2021	1190	1028691	2343370

### Reply

M/s Pardeep Fertilchem Industry Pvt Ltd. GSTN 06AAECB9057D1ZS migrated from VAT regime to GST. The firm is active and functioning. The taxpayer is a trader and deals in Pesticides commodity. The audit party has raised an objection regarding the amount claimed in Tran-1. The para is admitted.

In reply to audit para, It is submitted that the dealer claimed an amount of Rs. 1,314,679 in TRAN-1 from HVAT. After the audit objection, the dealer reversed the amount of Rs. 829,420 (proof of which is attached), while an amount of Rs. 894,472 was blocked by the department due to the non-reversal of the full amount initially claimed in TRAN-1. Subsequently, DRC-01A was issued with Reference No. ZD060322009761S, and DRC-01 was issued with Reference No. ZD060323008298K by the department, totaling Rs. 894,472. This amount comprises Rs. 485,259 as tax and Rs. 409,213 as interest. A DRC-07 for the same was issued with Reference No. ZD060723009923E on 19-07-2023. The taxpayer has filed an appeal against DRC-07 (a copy of APL-01 is enclosed). As the matter is prejudice and the undersigned has already issued DRC-07 and all the necessary action for protection of the Govt. revenue has been taken , therefore, the para may please be settled.

### CAG Report 2020-21

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 487  
 Name of Firm : M/s MODVAK ENGINEERING INDIA PVT. LTD.  
 GSTIN : 06AADCM9674N1ZQ  
 A.Y. : 017-18

### Audit Objection

#### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-

verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
3092524	0	3092524	26/12/2017	31/03/2021	1191	2421828	5514352

#### Reply

It is submitted that the objection raised by Audit in case of **M/sMODVAK ENGINEERING INDIA PVT LTD.**, Bahadurgarh, Jhajjar GSTIN **06AADCM9674N1ZQ** has been examined by the Assessing Authority. The dealer is engaged in the business of **Electrical Goods**. Presently, the dealer is Active at its business premises as mentioned on the GST Portal.

Audit objection raised by the audit party is admitted. In this regard, it is submitted that the case of the taxpayer for the Assessment Year 2017-18 was decided Ex-parte vide order no. 1502 on dated 30.04.2020 of the Assessing Authority, thereby creating an additional demand of Rs. 2676067/- in VAT Act and 4542900/- in CST Act (Copy of order enclosed). But the taxpayer preferred an appeal before the Joint Excise and Taxation Commissioner (Appeals)-cum- First Appellate Authority, Rohtak. Further, DRC 07A vide no. ZD061223015107Z has been issued to the taxpayer and tax liability is created in electronic credit ledger of the taxpayer. As all the necessary action to protect the Govt. revenue has been taken, it is requested to settle the Audit Para.

#### CAG Report 2020-21

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 497  
 Name of Firm : M/s Action Udyog Pvt. Ltd.  
 GSTIN : 06AAGCA6867L1Z6  
 A.Y. : 2017-18

#### Audit Objection

Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
7731060	0	7731060	27/12/2017	31/03/2021	1190	6049290	13780350

### Reply

It is submitted that the objection raised by Audit in case of **M/s Action Udyog Pvt. Ltd., Bahadurgarh, Jhajjar** GSTIN **06AAGCA6867L1Z6** has been examined by the Assessing Authority. The dealer is engaged in the business of **Footwear**. Presently, the dealer has closed its business premises as mentioned on the GST Portal.

Audit objection raised by the audit party is admitted. It is submitted that the then assessing Authority has framed the Assessment for the year 2015-16 vide order no. 795/15-16.dated 20.02.2019 as an ex-parte assessment and created an additional demand of Rs. 1479551/- under the HVAT Act and of Rs. 271280221/-. Under CST Act. Thereafter, the said order was rectified vide order dated 29.09.2020 reducing the demand under CST Act to Rs. 257446966/-.The taxpayer preferred an appeal before the Ld. Joint ETC (Appeals), Rohtak which is still pending. Further DRC 07A vide no. ZD061223019519I has been issued (Copy enclosed) and liability has been created in the electronic credit ledger of the taxpayer. As the government revenue has been protected, therefore, it is requested to settle this audit para.

### CAG Report 2020-21

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	510
Name of Firm	:	M/s KEN TANK & VESSELS
GSTIN	:	06AAQFK5724P1ZM
A.Y.	:	2017-18

### Audit Objection

Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
2469083	0	2469083	20.09.2017	31.03.2021	1288	2091077	4560160

### Reply

It is submitted that the objection raised by Audit in case of **M/s KEN TANK & VESSELS., Bahadurgarh, Jhajjar**, GSTIN **06AAQFK5724P1ZM** has been examined by the Assessing Authority. The dealer is engaged in the business of Manufacturer. Presently, the dealer is Active at its business premises as mentioned on the GST Portal. Audit objection raised by the audit party is admitted. It is submitted that out of the total amount of Rs. 2469083/-, Rs. 1812064/- was adjusted vide rectification order no. 93 dated 02.09.2019 (copy enclosed). For the balance amount of Rs. 657019/-, the taxpayer has preferred an appeal before First Appellate Authority (Joint ETC, Appeal). However, DRC 01 dated 25.03.2023 (copy enclosed) has been issued for the amount of

Rs. 1312734/- (65709/- tax + 655715/- interest up to 25.03.2023). As the government revenue has been protected, therefore, it is requested to settle this audit para.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 569  
 Name of Firm : M/s. Shiv Shakti Trading Co.  
 GSTIN : 06AISP1224A1ZQ  
 A.Y. : 2017-18

#### **Audit Objection**

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50 (3) of CGST Act, 2017 read with sub-section (10) of Section 42 or undue or excess reduction in output tax liability under sub-section 10 of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case file of the following dealer it was noticed that the dealer carried forward excess amount of VAT in their TRAN-1:-

Eligible ITC	Amount carried forward in TRAN-1	Difference of ITC amount	Month of carried forward	Interest calculated @ 2% per month	Penalty	Total
11320	11908052	11896732	22/5/2018 to 31.03.2021	8166699	1189673	21253104

#### **Reply**

In response to the audit para, it is submitted that the taxpayer deals in supplies of tubes, pipes and hoses, and fittings. The firm was registered under HVAT Act w.e.f. 01.04.2017 and migrated to GST on implementation of GST Act. The firm is suo-moto cancelled on dated 17.07.2019.

The audit party has raised objection that the dealer has carried forward excess amount of VAT in their TRAN-1. In this regard, it is brought to the notice of the audit party that the Proper Officer vide order in FORM-GST DRC-07, dated 15-07-2019 has already raised a demand of Rs. 11908052/- as tax, Rs. 1964828/- as interest and Rs. 1190805/- as penalty against the taxpayer on the grounds that the claim of ITC as claimed in TRAN-1 by the taxpayer is not found genuine and hence inadmissible. It is pertinent to mention here that the interest was calculated @ 18% per annum as per provisions of Section 50 of HGST/CGST Act, 2017.

Further recovery proceedings were initiated by issuing letters to the Tehsildar, Thanesar, vide this office letter Memo No. 8861/ETO W-5 dated 06.11.2019, 1447/ETO-W5 dated 01.07.2020 and to the Tehsildar Ladwa vide letter No. 8863/ETO W-5 dated 06.11.2019 and No. 1445/ETO-W5 dated 01.07.2020. A recovery letter was also issued to the bank authority vide this office letter No. 1442/ETO –W5 dated 01.07.2020. However, the communication from the above offices is still awaited. In continuation of the above, Reminders have also been issued vide this office Memo No. 2007-12 dated 14.11.2023.

Further, the taxpayer has filed a CWP in the Hon'ble Punjab & Haryana High Court vide CWP No.2687 of 2021 against the order of the Proper Officer. The next date of hearing is fixed on 30.01.2024.

#### **CAG Report 2020-21**

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	598
Name of Firm	:	M/s ANANDTEX INTERNATIONAL PVT.LTD.
GSTIN	:	06AAKCA4313M1ZN
A.Y.	:	2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amt was not considered in Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
16319628.99	8123718	8195910.99	28-08-2017	31-03-2021	1311	7065100	15261010.99

#### **Reply**

It is submitted that the objection raised by Audit in case of M/s **ANANDTEX INTERNATIONAL PVT. LTD.**, Panipat GSTIN**06AAKCA4313M1ZN** has been examined by the Assessing Authority. The dealer is engaged in the business of Trading & manufacturing of Blankets & carpet. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal.

In reply to audit objection, it is submitted that the dealer has made transitional claim of Rs. 16319629/- in its TRAN-1 in lieu of excess in VAT regime but during the finalization of VAT assessment of 2017-18, net excess ITC came to Rs. 8123718/-. In this way, the dealer claimed excess ITC of Rs. 8195911/- in TRAN-1. The Assessing Authority while framing assessment has duly taken the said amount into account and has also levied interest of Rs. 7212401/- u/s 14(6) of HVAT Act, 2003 vide assessment

order dated 18.03.2021. Now the dealer has gone in NCLT (National Company Law Tribunal). The department has lodged the claim before IRP & the claim of department is duly accepted by Hon'ble NCLT. All necessary steps to save Govt. Revenue have been taken, so it is requested to settle the present para.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 601  
 Name of the Firm : M/s B.S. Tiles  
 TIN : 06662624606  
 A.Y. : 2017-18

**AUDIT OBJECTION:**

As per provision of section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under section 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case file of the under mentioned dealer, it was noticed that the dealer had carried forward excess amount of VAT in his TRAN-1 as detailed below:

Claim in TRAN-1	Eligible Claim	Excess Claim	From	To	Days	Interest	Total
1308554	0	1308554	10.07.17	31.03.21	1271	1093593	2402147

Allowing excess carried forward of ITC in TRAN-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provisions of law, for recovery of ITC amount along with interest amounting to Rs. 24,02,147/-.

**REPLY OF PARA:**

It is submitted that the objection raised by the Audit Party in case of above said firm has been examined by the Assessing Authority. The dealer is engaged in the business of trading & manufacturing of cement, cemented bricks, tiles etc. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST portal.

Audit objection raised by the audit party is not admitted. Further, it is submitted that the original assessment of the case was framed exparte under section 15(4) of

HVAT Act, 2003 vide disposal no. 139/2017-18 dated 12.03.2021 and order was duly served upon the dealer on dated 17.06.2021. In the assessment order the Assessing Authority was created an additional demand of Rs. 26,95,909/- under HVAT Act, 2003.

Hence the transitional credit claimed in TRAN-I of Rs.13,08,554/- should be deposited by the dealer. On 04.03.2022 the dealer has filed DRC-03 for Rs. 13,08,554/- under SGST head in his electronic credit ledger through DRC-03 vide debit entry no. DI0603220005711. Copy of DRC-03 is enclosed herewith for your ready reference. The dealer has preferred an appeal before the Jt. ETC (Range), Rohtak against the order of Assessing Authority and still pending.

In view of the above facts, the audit para may please be dropped.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 609  
 Name of the Firm : M/s TajSpuntex  
 TIN : 06462623164  
 A.Y. : 2017-18

#### **AUDIT OBJECTION:**

As per provision of section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under section 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case file of the under mentioned dealer, it was noticed that the dealer had carried forward excess amount of VAT in his TRAN-1 as detailed below:

Claim in TRAN-1	Eligible Claim	Excess Claim	From	To	Days	Interest	Total
2481133	0	2481133	10.02.17	31.03.21	1276	2081705	4562838

Allowing excess carried forward of ITC in TRAN-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provisions of law, for recovery of ITC amount along with interest amounting to Rs. 45,62,838/-.

Carry forward of Excess transitional credit of VAT and interest thereon Rs. 2741.52



**REPLY OF PARA:**

It is submitted that the objection raised by the Audit Party in case of above said firm has been examined by the Assessing Authority. The dealer is engaged in the business of manufacturing of cotton waste, yarn waste etc. Presently, as of now, the firm is cancelled on suo-moto basis w.e.f. 11.01.2020.

Audit objection raised by the audit party is admitted. It is submitted that the original assessment of the case was framed by the then A.A. vide disposal no. 1401/2017-18 dated 20.02.2020 and order was duly served upon the dealer, in which additional demand created of Rs. 18,82,690/- under HVAT Act, 2003 & Rs.1,08,44,722/- under CST Act, 1956. The dealer has filed GST TRAN-I worth Rs.24,81,133/- which was not verified from the VAT assessment order of 2017-18 (1<sup>st</sup> Quarter).

In this regard, the case was taken in GST Scrutiny for the period July-2017 to March-2018 and DRC-01 issued to the dealer on 04.09.2023. Now case is under process. Further proceedings are under process for recovery of the same.

Now, the dealer has preferred an appeal before the Ld. Joint ETC (Appeal), Rohtak against the VAT order of Assessing Authority and case is still pending. Further proceedings are under process for recovery of the same.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 631  
 Name of Firm : M/s Sunmarg Automotive Pvt. Ltd.  
 GSTIN : 06AAPCS5006A1ZP  
 A.Y. : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
2098898	0	2098898	18/11/2017	31/03/2021	1229	1696140	3795038

**Reply**

It is submitted that the objection raised by Audit in case of M/s Sunmarg Automotive Pvt. Ltd. GSTIN 06AAPCS5006A1ZP has been examined by the Assessing Authority. The dealer is engaged in the business of sheet metal component and the major supply of the company to the Maruti Suzuki India Pvt Ltd. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal.

**Audit objection raised by the audit is not admitted.**

**Further** it is submitted that the original assessment for the year 2017-18 of the dealer was framed vide order no. 152 dated- 26.03.2021 by creating demand of Rs. 3376216/- under HVAT Act 2003, & Rs. 28362/- under Central Sales Tax Act, 1956. The TRAN-1 claim of the taxpayer of Rs. 21,29,226/- has been rejected in original order of HVAT Act. The case has been decided Ex-party. The dealer has proceeded before JETC (Appeal) vide appeal No. RF28214220334611 dated 14.03.2022 against the order of Assessing Authority and the case is still pending in appeal. Date of hearing not fixed, yet. All the efforts to protect government revenue had been taken by the department, Hence, para may please be settled.

**Reply**

It is submitted that the objection raised by Audit in case of M/s Ahuja Steel, Rohtak, GSTIN-06ADPPK5109E1ZO has been examined by the Assessing Authority. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. The dealer is engaged in the business of trading of iron and steel scrap. The audit has pointed out that the M/s Ahuja Steel holding GSTIN 06ADPPK5109E1ZO has claimed ineligible Transitional credit of Rs. 2463371/- in Tran-01.

The objection raised by the Audit is admitted. In reply to audit objection it is submitted that the Assessing Authority while framing assessment for the A.Y. 2017-18 has rejected the claim of transitional credit in Tran-01 filed by the taxpayer and created additional demand of Rs. 5568694/- under HVAT Act, and additional demand of Rs. 192072/- under CST Act, 1956 vide Order No. 428 dated 19.03.2021. Tax Demand Notice in Form VAT N-4 worth Rs. 5568694/- under VAT Act and of Rs. 192072/-under CST Act has been served upon the dealer dated 13.09.2022. Recovery proceedings have been initiated against the dealer. Further, aggrieved with the order of Assessing Authority, now the dealer has filed an Appeal before the Joint ETC (Appeal) Rohtak on dated 15.10.2022. Case is still pending before the Appellate Authority and no date has been fixed till now i.e. as on 17.10.2023. However, ITC of Rs. 608206/- has been blocked by Assessing Authority on 17.10.2023. As all the measures have been taken for protecting the revenue, hence the Para may kindly be settled.

**CAG Report 2020-21**

Para No.	: 2.11.8.3.1(a)
Sr. No. as per CAG Report	: 05
Name of Firm	: MIHAMA INDIA PRIVATE LIMITED.
TIN	: 06281838339,
GSTIN	: 06AAJCM4404G1ZP
A.Y.	: 2017-18

**Audit Objection**

**Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
534463	0	534463	20.11.2017	31.03.2021	1227	431202	965665

#### Reply of Para

In response to the audit para, it is submitted that the taxpayer is migrated dealer under GST holding GSTIN- 06AAJCM4404G1ZP. The taxpayer is manufacturer of carton boxes and a live firm. In the audit objection it is stated that the dealer has carried forwarded VAT Credit worth Rs.5,34,463/- (SGST) in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being excess as per returns VAT R-1. The para is admitted as while framing the HVAT assessment for the year 2017-18 (up to 30.06.2017) dt 19-02-2021, there is nil carried forward allowed. Hence, the dealer has claimed excess amount of Rs.5,34,463/- in TRAN 1. Accordingly, the dealer has to reverse the same amount but the dealer failed to do so.

The above firm was taken for scrutiny under HGST ACT'2017 for F.Y. 2017-18 and accordingly notice in form DRC-01 dated 24.09.2023 was issued in respect to Excess VAT credit carry forwarded in the declaration submitted by the dealer in form GST TRAN-1 for above amount along with interest and applicable penalty.

#### CAG Report 2020-21

Para No.	:	2.11.8.3.1(a)
Sr. no. as per CAG Report	:	06
Name of Firm	:	Ajay Oil Industries
GSTIN	:	06ABBPk1987C1ZW
A.Y.	:	2017-18

#### Audit Objection

##### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
347366	197192	150174	23.12.2017	31.03.2021	1194	117901	268075

**Reply of Para:-**

In response to the audit para, it is submitted that the taxpayer is migrated dealer under GST holding GSTIN- 06ABBP1987C1ZW. The taxpayer is manufacturer/trader of edible oil and a live firm. The audit para is accepted. In the audit objection it is stated that the taxpayer has carried forward VAT Credit worth Rs. 347366/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being excess amount as per annual return VAT R-2. While framing the HVAT assessment for the year 2017-18 (upto 30.06.2017) dated 18.02.2021 the excess carried forward amount that is allowed was worth Rs. 197192/- instead of Rs. 347366/-. Hence, the tax payer has taken excess amount in his TRAN-01 and the same has to be reversed along with interest.

A Demand notice in FORM GST DRC-01 vide reference No. ZD0611220081642 dated 16.11.2022 has been issued U/s 73 of HGST Act, 2017.

**CAG Report 2020-21**

Para No.	:	2.11.8.3.1(a)
Sr. No.	:	7
Name of firm	:	Nspire Management Services Pvt. Ltd.
GSTIN	:	06AAECN3984D1ZG
Assessment Year	:	2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1413692	0	1413692	27.12.2017	31.03.2021	1190	1106166	2519858

**Reply of Para**

In response to the audit para, it is stated that the taxpayer is migrated dealer under GST holding GSTIN- 06AAECN3984D1ZG. The taxpayer is service provider and deals in event management, maintenance or repair, works contract and a live firm. The audit para is accepted. The dealer has carried forward VAT Credit worth Rs. 1413692/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being the excess as per returns VAT R-1. While framing the HVAT assessment for the year 2017-18 (upto 30.06.2017) an additional demand of Rs. 1918178/- was created vide ex-parte order dated 18.02.2021. Accordingly, the dealer has to reverse the excess VAT credit carried forward to HGST credit ledger but the dealer failed to do so.

Summons U/s 70 was issued in respect to excess VAT credit carried forward in the declaration submitted by the dealer in form GST TRAN-1. The dealer did not respond the summons. Further, ITC worth Rs.2519858/- available in the Credit Ledger was temporarily blocked and a demand intimation notice in FORM GST DRC-01 (A) was issued U/s 73 of HGST Act, 2017 but the dealer failed to reply the same. Accordingly, show cause notice vide case ID No. AD060322018084M dated 06.09.2022 in FORM GST DRC-01 was issued.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. No. : 10  
 Name of firm : Bhagwati Stone Crusher  
 GSTIN : 06ABJPG9326P1Z4  
 Assessment Year : 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1231859	0	1231859	23.10.2017	31.03.2021	1255	1016537	2248396

#### **Reply of Para**

In reply to the audit objection it is submitted that the taxpayer is migrated dealer under GST holding GSTIN- 06ABJPG9326P1Z4. The taxpayer is manufacturer of machinery for sorting, screening, separating, washing, crushing, grinding and a live firm. The audit objection is accepted. The dealer has carried forwarded VAT Credit worth Rs.1231859/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 as excess an amount shown in VAT R-1 Return. While framing the HVAT assessment for the year 2017-18 (up to 30.06.2017) nil excess C/F was allowed. Hence, the dealer has claimed excess amount of Rs. 1231859/- in TRAN 1. Accordingly, the dealer has to reverse the same amount along with interest.

The notice in FORM DRC-01 vide reference No. ZD0609230216777 dated 26.09.2023 amounting to Rs. 2740887/- has been issued to the dealer (copy of DRC-01 attached).

Para No. : 2.11.8.3.1(a)  
 Sr. no. as per CAG Report : 11  
 Name of Firm : Elegant Hygiene Pvt. Ltd.  
 GSTIN : 06AACCE3212D1ZE

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
394729	0	394729	24.10.2017	31.03.2021	1254	325473	720202

**Reply of Para**

In reply to audit para it is stated that M/s Elegant Hygiene Pvt. Ltd. is a migrated and existent manufacturer of toilet paper/tissue paper etc and holding GSTIN 06AACCE3212D1ZE . The para is accepted. Further, in response to the audit para it is stated that the dealer has carried forward VAT Credit Worth Rs. 377262/- in his electronic credit ledger as per the provision of section 140(1) of the HGST Act, 2017 being excess amount as per VAT R-1 Return. While framing the HVAT assessment for the year 2017-18 (up to 30.06.2017) nil excess C/F was allowed. Hence, the dealer has claimed excess amount of Rs. 394729/- in TRAN 1. Accordingly, the dealer has to reverse the same amount along with interest.

In this regard it is submitted that a notice was issued to the dealer for the recovery of Rs. 720202/- (Tran1 amount-Rs.3,94,729/-, Interest amount-Rs.3,25,473/- But the dealer failed to make the payment of the outstanding dues. A DRC-01 bearing reference number ZD0609230279064 dated 30.09.2023 is issued to the dealer for the recovery of the amount of Rs.720202/-.

**CAG Report 2020-21**

Para No.	:	2.11.8.3.1(a)
Sr. No. as per CAG report.	:	13
Name of Firm	:	Roshan Motors
TIN	:	06981947467
GSTIN	:	06BJEPR1944N1ZS
A.Y.	:	2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-

verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
380642	0	380642	25.08.2017	31.03.2021	1314	328875	709517

#### Reply of Para

In response to the audit para, it is submitted that the taxpayer is migrated dealer under GST holding GSTIN- 06BJEPR1944N1ZS. The taxpayer is retailer and deals in motorcycles along with repair service and a live firm. The para is accepted. In response to the audit para, it is stated that the dealer has carried forward VAT Credit worth Rs.3,80,642/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being excess amount as per returns VAT R-1. While framing the HVAT assessment for the year 2017-18 (up to 30.06.2017) nil carried forward was allowed.

Notice in form DRC-01 vide reference no. ZD060923014212U dated 18.09.2023 under Section 73 of the HGST ACT was issued in respect to Excess VAT credit carried forwarded in the declaration submitted by the dealer in form GST TRAN-1 for above amount along with interest and applicable penalty.

#### CAG Report 2020-21

Para No. : 2.11.8.3.1(a)  
 Sr. no. as per CAG Report : 15  
 Name of Firm : GRJ Distributors & Developers P. L.  
 GSTN. : 06AABCG6952F1ZO  
 A.Y. : 2017-18

#### Audit Objection

##### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
879396	0	879396	18.12.2017	31.03.2021	1199	693301	1572697

#### Reply of Para:-

In reply to the audit objection it is submitted that the taxpayer is migrated dealer under GST holding GSTIN 06AAICS6717R1ZL. The tax payer is works contactors and a live firm. The para is accepted. In response to the audit para, it is stated that the dealer has carried forwarded VAT Credit worth Rs.879396/- in his electronic credit ledger as

per the provision of section 140 (1) of HGST Act, 2017 being excess as per returns VAT R-1. While framing the HVAT assessment for the year 2017-18 (upto 30.06.2017) an additional demand of Rs. 1743841/- was created vide ex-parte order dated 20.02.2020. Accordingly, the dealer has to reverse the VAT credit carry forwarded to HGST credit ledger but the dealer failed to do so.

SCN in FORM GST DRC-01 vide reference No. ZD0611220048060 dated 10.11.2022 has been issued U/s 73 of HGST Act, 2017.

#### **CAG Report 2020-21**

Para No.	:	2.11.8.3.1(a)
Sr No as per CAG Report.	:	16
Name of the Firm	:	M/s Giasi Ram Ramesh Chand
TIN	:	06131901617
GSTIN	:	06AANPG0273E1Z1
A.Y.	:	2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
285523	47542	237981	26.12.2017	31.03.2021	1191	186368	424349

#### **Reply of Para**

In reply to the audit objection it is submitted that the taxpayer is migrated dealer under GST with GSTIN-06AANPG0273E1ZI. The taxpayer is a trader and deals in cloth, plastic, wire of iron and steel and a live firm. The para is accepted. The audit has pointed out that the dealer has carried forwarded VAT Credit worth Rs. 124237- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being excess as per returns VAT R-1. While framing the HVAT assessment for the year 2017-18 (upto 30.06.2017) an excess of Rs. 47542/- was created vide order dated 29.01.2020. The benefit of excess carry forwarded worth Rs. 54537/- for the year 2016-17 was not allowed in the assessment order.



*The undersigned is unable to issue demand intimation notice of the balance amount on Form GST DRC-01 U/s 73 of HGST Act 2017 being the jurisdiction pertains to Ward-13 Gurugram (North).*

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. No. : 17  
 Name of firm : Prime Trademart Pvt. Ltd.  
 GSTIN : 06AAHCP8887G1ZT  
 Assessment Year : 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1797938.79	0	1797938.79	13.10.2017	31.03.2021	1265	1495491	3293429.79

#### **Reply of Para**

In reply to the audit objection it is submitted that the taxpayer is migrated dealer under GST with GSTIN- 06AAHCP8887G1ZT. The taxpayer is wholesale business of telephone sets, wireless network and the firm has been cancelled on the application of taxpayer w.e.f. 01.04.2019. The para is accepted. In response to the audit para, it is stated that the dealer has carried forwarded VAT Credit worth Rs.1797938 in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being excess as per returns VAT R-1. While framing the HVAT assessment for the year 2017-18 (up to 30.06.2017), nil carried forward was allowed. Hence, the dealer has claimed excess amount in TRAN-01.

The notice in FORM DRC-01 vide reference No. ZD060923023207K dated 27.09.2023 has been issued to the dealer.

#### **CAG Report 2020-21**

Para No. : Para No.2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 20  
 Name of Firm : UNILEC ENGINEERS LTD.  
 TIN : 06771917658

GSTIN : 06AAACU1223A1Z7  
A.Y. : 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
3119266	0	3119266	25-10-17	31-03-21	1253	2569933	5689199

#### **Reply**

In response to the audit para, it is stated that the taxpayer is migrated dealer under GST holding GSTIN 06AAACU1223A1Z7. The tax payer is manufacturer and deals in Boards, Penals, Consoles, Desks, Cabinets and others and alive firm. The para is admitted. The dealer has carried forwarded VAT Credit worth Rs.3119266/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being excess as per returns VAT R-1. While framing the HVAT assessment for the year 2017-18 (up to 30.06.2017), nil amount was allowed as carried forward. The dealer has claimed excess amount of Rs. 3119266/- in TRAN 1. Accordingly, the dealer has to reverse the VAT credit ledger but the dealer failed to do so.

Notice was issued in respect to VAT credit carry forwarded in the declaration submitted by the dealer in form GST TRAN-1. In response to the notice the dealer deposited the amount of Rs. 3119266/- through DRC-03 ARN AD0602220068595 on dated 22.02.2022. For interest part DRC-01 has been issued to the Taxpayer.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
Sr. No. as per CAG Report. : 21  
Name : M/s Gaurav Timber Merchant  
TIN : 06821923014  
GSTIN : 06AIDPD5293P1ZW  
A.Y. : 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
119601	0	119601	26.12.2017	31.03.2021	1191	93662	213263

#### Reply of Para

*In reply to the audit objection it is submitted that the taxpayer is migrated dealer under GST with GSTIN-06AIDPD5293P1ZW. The taxpayer is a trader and deals in wood, plywood and a live firm. The audit para is accepted. The dealer has carried forward VAT Credit worth Rs. 119601/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 as per returns VAT R-1. While framing the HVAT assessment for the year 2017-18 (upto 30.06.2017) an additional Demand of Rs.76472/- was created vide order dated 17.01.2020. This demand has been created as the case for the assessment year 2016-17 of the dealer was assessed under section 15(5) of the HVAT Act, 2003 (Ex-parte) which resulted into demand instead of excess C/f. Accordingly, the case for the assessment year 2017-18 was assessed without giving benefit of excess C/f which was to be brought from assessment year 2016-17 which resulted into excess claim in Tran-1. Demand notice has been sent in FORM GST DRC-01 vide reference No. ZD060923014292M dated 18.09.2023 U/s 73 of HGST Act, 2017 (Copy attached).*

#### CAG Report

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 26  
 Name of Firm : Raghav Trader.  
 TIN : 06331931189  
 GSTIN : 06AWDPK3137B1Z3  
 A.Y. : 2017-18

#### Audit Objection

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1404605	0	1404605	26-12-17	31-03-21	1191	1099979	2504584

### Reply

In response to the audit para, it is stated that the taxpayer is migrated dealer under GST with GSTIN WDPK3137B1Z3. The tax payer is trader and deals in waste, parings and scrap, polymers of ethylene, hard rubber and alive firm. The para is admitted. The dealer has carried forwarded VAT Credit worth Rs.1404605/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being excess as per returns VAT R-1. While framing the HVAT assessment for the year 2017-18 (up to 30.06.2017), an excess C/f amounting to Rs. 498672/- has been allowed. The dealer has claimed excess amount of Rs.905933/- in TRAN 1. Accordingly, the dealer has to reverse the VAT credit ledger but the dealer failed to do so.

Notice in form DRC-01 vide reference no. ZD0609230219268 dated 22.09.2023 was issued in respect to Excess VAT credit carry forwarded in the declaration submitted by the dealer in form GST TRAN-1.

### CAG Report

Para No.	:	2.11.8.3.1(a)
Sr. No. as per CAG Report	:	27
Name of Firm	:	R.R. INDUSTRIES
TIN	:	06801932434
GSTIN	:	06AKXPR1318P1ZC
A.Y.	:	2017-18

### Audit Objection

#### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
390313	0	390313	26-08-17	31-03-21	1313	336974	727287

### Reply

In response to the audit para, it is stated that the taxpayer is migrated dealer under GST holding GSTIN 06AKXPR1318P1ZC The tax payer is manufacturer and deals in paper and paper board, corrugated, kraft paper and alive firm. The para is admitted. The dealer has carry forwarded VAT Credit worth Rs.390313/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being excess as per returns VAT R-1. While framing the HVAT assessment for the year 2017-18 (up to 30.06.2017), no amount is allowed as carried forward .Thus, the dealer has claimed excess amount of Rs. 390313/- in TRAN 1. Accordingly, the dealer has to reverse the VAT credit ledger but the dealer failed to do so.

Notice in form DRC-01A was issued in respect to Excess VAT credit carry forwarded in the declaration submitted by the dealer in form GST TRAN-1. The dealer has filed an appeal before Joint Commissioner (Appeals) against the order of assessment year 2017-18. However, to safeguard the Govt. revenue DRC-01 vide reference no. ZD060923021944A dated 22.09.2023 has been issued to the dealer (copy attached).

#### CAG Report

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 29  
 Name of Firm : Rico Jinfei Wheels Ltd.  
 TIN : 06811931992  
 GSTIN : 06AADCR6884M2ZO  
 A.Y. : 2017-18

#### Audit Objection

##### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
2057238	801897	1255341	19-09-17	31-03-21	1289	1063979	2319320

#### Reply

In response to the audit para, it is stated that the taxpayer is migrated dealer under GST with GSTIN 06AADCR6884M2ZO. The tax payer is manufacturer and deals in Slag, Ash and residues, containing arsenic, ferrous waste and scrap and a live firm. As per the audit objection the dealer has carried forwarded VAT Credit worth Rs.2057238/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being as per returns VAT R-1. The excess carried forward was worth Rs.801897/- as per assessment order. Thus, as per audit objection the dealer has claimed excess amount of Rs. 1255341/- in TRAN 1. As per audit objection, the dealer has to reverse the excess amount taken.

Further, it has been observed that benefit of an amount of Rs.738214/- excess carry forward in assessment order for the year 2016-17 was not given in 2017-18 and CST part of the order of the year 2017-18 has also been rectified and an excess amount comes to Rs. 190180/-. After rectification of the assessment order of 2107-18, the excess carried forward is Rs. 1730291/- and the same can taken in TRAN -01. Thus, the dealer has taken excess amount of Rs.326947/- in TRAN -01 which is to be recovered.

Notice in form DRC-01 vide reference no. ZD060923025226I dated 28.09.2023 was issued in respect to Excess VAT credit carried forwarded (Rs.326947/-) in the declaration submitted by the dealer in form GST TRAN-1.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 38  
 Name of firm : Majuka Furniture & Decorator  
 GSTIN : 06AYFPS3180E1ZG  
 Assessment Year : 2017-18

**Audit Objection**

**Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1830441.03	359241	1471200.03	04.09.2017	31.03.2021	1304	1261443	2732643

**Reply of Para**

In reply to the audit objection it is submitted that the taxpayer is migrated dealer under GST holding GSTIN- 06AYFPS3180E1ZG. The taxpayer is manufacturer of plywood, veneered panels, laminated wood and a live firm. The audit objection that the dealer has carry forwarded ineligible VAT Credit worth Rs.1471200/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act 2017 is acceptable.

A notice in form DRC-01 u/s 73 of HGST Act, amounting to Rs. 4203843/- has been issued to the dealer and ITC worth Rs. 252236/- has been blocked under SGST Act, 2017.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 43  
 Name of Firm : V K Electric Tools.  
 TIN : 06551928546  
 GSTIN : 06BBIPS6877B2ZA  
 A.Y. : 2017-18

**Audit Objection**

**Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
63923	0	63923	27.12.2017	31.03.2021	1190	50018	113941

#### Reply of Para

In response to the audit para, it is submitted that the taxpayer is migrated dealer under GST with GSTIN- 06BBIPS6877B2ZA. The taxpayer is retailer and deals in machine tools and a live firm. The Para is accepted. In response to the audit para, it is stated that the dealer has carried forwarded VAT Credit worth Rs. 63,923/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being as per returns VAT R-1. While framing the HVAT assessment for the year 2017-18 (up to 30.06.2017), nil carry forward allowed. Thus, the dealer has taken excess amount in TRAN-01

Notice in form DRC-01 vide reference no. ZD060923014180T dated 18.09.2023 was issued in respect to Excess VAT credit carry forwarded in the declaration submitted by the dealer in form TRAN-1 for above amount along with interest and applicable penalty.

#### CAG Report 2020-21

Para No.	:	2.11.8.3.1(a)
Sr. No. as per CAG Report	:	44
Name of Firm	:	NET DISTRIBUTION SERVICES PVT
TIN	:	06401937795
GSTIN	:	06AADCN2268B1ZU
A.Y.	:	2017-18

#### Audit Objection

##### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the

notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
644577	570648	73929	26-10-17	31-03-21	1252	60861	134790

### Reply

In response to the audit para, it is stated that the taxpayer is migrated dealer under GST with GSTIN 06AADCN2268B1ZU. The tax payer was trader and deals in part of garments accessories, clothing accessories, footwear with outer sole of rubber, plastic and the firm is cancelled. The para is accepted. The dealer has carry forwarded VAT Credit worth Rs.644577/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being excess as per returns VAT R-1. While framing the HVAT assessment for the year 2017-18 (up to 30.06.2017), excess amount of Rs. 570648/- has been allowed. Thus, the dealer has claimed excess amount of Rs. 73929/- in TRAN 1. Accordingly, the dealer has to reverse the VAT credit ledger but the dealer failed to do so.

Notice in form DRC-01 vide reference no. ZD0609230219185 dated 22.09.2023 was issued in respect to Excess VAT credit carry forwarded in the declaration submitted by the dealer in form GST TRAN-1

### CAG Report 2020-21

Para No.	:	2.11.8.3.1(a)
Sr. No. as per CAG Report.	:	45
Name of Firm	:	B.D. Sales Corp.
TIN	:	06661934645
GSTIN	:	06BLMPK1658L1ZO
A.Y.	:	2017-18

### Audit Objection

#### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
201129	0	201129	09.09.2017	31.03.2021	1299	171792	372921



### Reply of Para

In response to the audit para, it is stated that the taxpayer is migrated dealer under GST with GSTIN- 06BLMPK1658L1ZO. The taxpayer is retailer and deals in polishes and creams, for footwear, furniture, floors, coachwork, and the firm is suspended. The dealer has carry forwarded VAT Credit worth Rs.201129/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being excess as per returns VAT R-1. While framing the HVAT assessment for the year 2017-18 (up to 30.06.2017), nil carried forward was allowed. Thus, the dealer has claimed excess amount of Rs. 201129/- in TRAN 1. Accordingly, the dealer has to reverse the VAT credit ledger but the dealer failed to do so.

Notice in form DRC-01 vide reference no. ZD0609230136595 dated 17.09.2023 was issued in respect to Excess VAT credit carry forwarded in the declaration submitted by the dealer in form TRAN-1.

Para No. : 2.11.8.3.1(a)  
 Sr. no. as per CAG Report : 48  
 Name of Firm : Harihar Enterprises  
 GSTIN : 06AAJFH6174K1ZO

### Audit Objection

#### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
104106	79700	24406	10.11.2017	31.03.2021	1237	19851	44257

### Reply of Para

The dealer was migrated retail vendor of Patanjali FMCG Goods. The RC in GST stands "dealer initiated cancelled" as on 01.05.2020. The audit Para is accepted. In response to the audit para, it is stated that the dealer has carried forwarded VAT Credit Worth Rs. 104106/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being excess in VAT R-1 Return. Whereas the Eligible ITC available is Rs.79,100/- thus an excess amount of Rs.24,257/- has been taken in TRAN -1.

In the regard it is submitted that a notice was issued to the dealer for the recovery of Rs.44257/- (Tran-1 amount Rs. 24,257/- and interest Rs.19,851/- on dated 03.08.2021. But the dealer failed to make the payment of the outstanding dues. Now DRC-01 bearing reference number ZD06102201429W dated 18.10.2022 has been issued for the recovery of the amount of the Rs.44,257/-

**CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. No. : 52  
 Name of firm : Vashwakarma Enterprises  
 GSTIN : 06CANPS8684P1ZD  
 Assessment Year : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
324602.24	36288	288314	04.09.2017	31.03.2021	1304	247208	535522

**Reply of Para**

In reply to the audit objection it is submitted that the taxpayer is migrated dealer under GST with GSTIN 06CANPS8684P1ZD. The tax payer is manufacturer and deals in cast glass and rolled glass, sheet or profiles, non-wired sheet and a live firm. The para is accepted. The dealer has claimed excess amount of Rs. 288314 in TRAN -01 filed under GST Act. The excess amount so claimed has been recovered. The Tax amount of Rs. 288314 /- has been deposited in form DRC-03 vide ARN AD060423004730 dated 10.04.2023. DRC-01 has been issued to the dealer for claim of interest amount.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. no. as per CAG Report : 53  
 Name of Firm : SOLVEDA SOFTWARE PVT. LTD.  
 TIN/GSTIN : 06051836089/06AALCS5147G1Z7  
 A.Y. : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-

verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
118696	0	118696	17.11.2017	31.03.2021	1230	95997	214693

#### Reply of Para

In reply to the audit objection it is submitted that the taxpayer is migrated dealer under GST holding GSTIN 06AALCS5147G1Z7. The tax payer is service provider and deals in information technology (IT) consulting and support service and a live firm. The para is accepted. The dealer has carry forwarded VAT Credit worth Rs.118696 in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 as excess in VAT R-1 returns. While framing the HVAT assessment for the year 2017-18 (up to 30.06.2017) NIL excess was allowed vide order dated 04.07.2019. Thus, the dealer has claimed excess amount in TRAN-01.

Demand intimation notice in Form GST DRC-01 vide reference no. ZD060923017177D dated 21.09.2023 has been issued U/s 73 of HGST Act, 2017.

#### CAG Report 2020-21

Para No.	:	2.11.8.3.1(a)
Sr. No. as per CAG report.	:	55
Name of Firm	:	M S Tyres.
TIN	:	06051938909
GSTIN	:	06ASLPD5106H1Z1
A.Y.	:	2017-18

#### Audit Objection

##### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
732552	677267	55285	13.11.2017	31.03.2021	1234	44858	100143

#### Reply of Para

In response to the audit para, it is submitted that the taxpayer is migrated dealer under GST with GSTIN- 06ASLPD5106H1Z1. The taxpayer was a retailer and dealer of rubber tyre and now a cancelled firm. It is stated that the dealer has carry forwarded excess VAT Credit worth Rs.55,285/- in TRAN1. Notice was issued to dealer in respect to excess VAT credit carried forwarded in the declaration submitted by the dealer in form GST TRAN-1. In response to the notice the dealer deposited the amount of Rs. 55,285/- through DRC-03 ARN- AD060322016804G dated 30.03.2022. However, interest of Rs.44,858/- is still pending and notice in form DRC-01 was issued in respect of above said interest.

#### CAG Report

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 57  
 Name of Firm : MAHASHAKTI ENTERPRISES  
 TIN : 06211947745  
 GSTIN : 06AAQPG0033R1ZH  
 A.Y. : 2017-18

#### Audit Objection

##### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
226390	0	226390	27-12-17	31-03-21	1190	177142	403532

#### Reply

In response to the audit para, it is stated that the taxpayer is migrated dealer under GST with GSTIN 06AAQPG0033R1ZH. The tax payer is manufacturer and deals in tube or pipe fitting and alive firm. The para is accepted. The dealer has carried forwarded VAT Credit worth Rs. 226390/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being excess as per returns VAT R-1. While framing the HVAT assessment for the year 2017-18 (up to 30.06.2017), excess amount of Rs. 223045/- has been allowed. Thus, the dealer has claimed excess amount of Rs. 3345/- in TRAN 1. Accordingly, the dealer has to reverse the VAT credit ledger but the dealer failed to do so.

Notice in form DRC-01 dated 22.09.2023 was issued in respect to Excess VAT

credit carry forwarded in the declaration submitted by the dealer in form GST TRAN-1.

#### **CAG Report**

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 58  
 Name of Firm : RHOMBUS ENTERPRISES  
 TIN : 06691953240  
 GSTIN : 06AATFR6438G1ZQ  
 A.Y. : 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
292096	0	292096	25-10-17	31-03-21	1253	240655	532751

#### **Reply**

In response to the audit para it is submitted that the taxpayer is migrated dealer under GST holding GSTIN 06AATFR6438G1ZQ. The tax payer is manufacturer and deals in plywood, veneered panels and a live firm. The para is accepted. The taxpayer has taken the excess amount of Rs.292096/- in TRAN-1 from the VAT return R1 filed by him for the year 2017-18 and the same is inadmissible under section 140 of HGST/SGST Act, 2017.

Notice in form DRC-01 vide reference no. ZD060923021941G dated 22.09.2023 was issued in respect to Excess VAT credit carried forwarded in the declaration submitted by the dealer in form GST TRAN-1.

#### **CAG Report**

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per : CAG Report-59  
 Name of Firm : KUMAR BUILDERS.  
 TIN : 06111934705  
 GSTIN : 06BVTPS7451L1ZM  
 A.Y. : 2017-18

#### **Audit Objection**

**Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
252093	0	252093	26-12-17	31-03-21	1191	197420	449513

**Reply**

In response to the audit para, it is stated that the taxpayer is migrated dealer under GST with GSTIN 06BVTPS7451L1ZM. The tax payer is manufacturer and deals in pabbles, gravel, crushed stone, portland cement, aluminous cement, natural sand of all kinds and a live firm. The para is accepted. The dealer has carried forwarded VAT Credit worth Rs.252093/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being excess as per returns VAT R-1. While framing the HVAT assessment for the year 2017-18 (up to 30.06.2017) Nil excess was allowed. Thus, the dealer has claimed excess amount of Rs. 252093/- in TRAN 1. Accordingly, the dealer has to reverse the VAT credit ledger but the dealer failed to do so.

Notice in form DRC-01 vide reference no. ZD060923021934B dated 22.09.2023 was issued in respect to Excess VAT credit carry forwarded in the declaration submitted by the dealer in form GST TRAN-1.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. no. as per : CAG Report :- 62  
 Name of Firm : RAJKOT INTERNATIONAL  
 TIN/GSTIN : 06641837656/06AAGCR6669B1ZA  
 A.Y. : 2017-18

**Audit Objection**

**Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of

ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
7381967.9	0	7381967.9	29.08.2017	31.03.2021	1310	6358605	13740573

#### Reply of Para

In reply to the audit objection it is submitted that the taxpayer is migrated dealer under GST with GSTIN 06AAGCR6669B1ZA. The tax payer is trader and deals in Articles and equipment for general exercise and a live firm. The audit para is accepted. The dealer has carried forward VAT Credit worth Rs.7381968 in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being excess in VAT R-1 return. While framing the HVAT assessment for the year 2017-18 (up to 30.06.2017) an additional demand of Rs.10084451/- was created vide order dated 05.09.2018. Accordingly, the dealer has to reverse the VAT credit ledger excess claimed vide TRAN-1, but the dealer failed to do so.

Demand intimation notice in Form GST DRC-01 vide reference no. ZD060923017188A dated 21.09.2023 amounting to Rs.21122541/- has been issued U/s 73 of HGST Act, 2017.

#### CAG Report 2020-21

Para No. : 2.11.8.3.1(a)  
 Sr No as per CAG : Report. 63  
 Name of the Firm - : M/s Shri Balaji Traders  
 TIN- 06441950791 : GSTIN-06GKPPS8103D1ZX  
 A.Y.- : 2017-18

#### Audit Objection

##### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
9723242	0	9723242	09.09.2017	31.03.2021	1299	8304981	18028223

#### Reply of Para

In reply to the audit objection, it is submitted that the taxpayer is migrated dealer under GST with GSTIN-06GKPPS8103D1ZX. The taxpayer is a trader and deals in wood, plywood and cancel firm. The dealer has carried forwarded VAT Credit worth Rs.

9723242/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 as per returns VAT R-1.

However, while framing the HVAT assessment for the year 2017-18 (upto 30.06.2017) an additional demand of Rs. 25180523/- was created vide ex-parte order dated 05.09.2018. Accordingly, the dealer was liable to reverse the VAT credit carry forward to HGST credit ledger but the dealer failed to do so.

The dealer is non-existent and a complaint has been filed against the same in Police Station Shivaji park, Gurugram.

Accordingly, summons U/s 70 was issued to recover the demand pending towards the dealer ( Excess VAT credit carry forward in the declaration submitted by the dealer in form GST TRAN-1). The dealer did not respond to the summons. Now demand notice in FORM GST DRC-01 vide reference no. ZD060923019589Y dated 25.09.2023 U/s 74 of HGST Act, 2017 has been issued to the taxpayer.

#### **CAG Report 2020-21**

Para No.	:	2.11.8.3.1(a)
Sr No as per	:	CAG Report. 64
Name of the Firm	:	Shri Rajeshwari Traders
TIN- 06801950682	:	GSTIN-06DVDPK5045J1ZI
A.Y.	:	2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
16391783	0	16391783	02.09.2017	31.03.2021	1306	14076275	30468058

#### **Reply of Para**

In reply to the audit objection, it is submitted that the taxpayer is migrated dealer under GST with GSTIN-06DVDPK5045J1ZI. The taxpayer is a trader and deals in hand tools, tele phone set and cancel firm. The dealer has carry forwarded VAT Credit worth Rs. 16391783/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 as per returns VAT R-1.

However, while framing the HVAT assessment for the year 2017-18 (upto 30.06.2017) an additional demand of Rs. 61839694/- was created vide ex-parte order dated 05.09.2018. Accordingly, the dealer was liable to reverse the VAT credit carry forward to HGST credit ledger but the dealer failed to do so.

The dealer is non-existent and a complaint has been filed against the same in



Police Station Shivaji park, Gurugram.

Accordingly, summons U/s 70 was issued to recover the demand pending towards the dealer ( Excess VAT credit carry forward in the declaration submitted by the dealer in form GST TRAN-1). The dealer did not respond to the summons. Now demand in FORM GST DRC-01 vide reference no. ZD060422013907K dated 30.04.2022 U/s 74 of HGST Act, 2017 has been issued to the taxpayer.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr No as per : CAG Report. 65  
 Name of the Firm - : M/s Krishna Sales Corporation  
 TIN- 06041947790 : GSTIN-06CQSPP0145H1ZN  
 A.Y.- : 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
63020000	0	63020000	26.12.2017	31.03.2021	1191	49352430	112372430

#### **Reply of Para**

In reply to the audit objection it is submitted that the taxpayer is migrated dealer under GST with GSTIN-06CQSPP0145H1ZN. The taxpayer is a trader and deals in hand tools, tele phone set and cancel firm. The dealer has carry forwarded VAT Credit worth Rs. 63020000/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 as per returns VAT R-1.

However, while framing the HVAT assessment for the year 2017-18 (upto 30.06.2017) an additional demand of Rs. 92625582/- was created vide ex-parte order dated 04.09.2018. Accordingly, the dealer was liable to reverse the VAT credit carry forward to HGST credit ledger but the dealer failed to do so.

The dealer is non-existent and a complaint has been filed against the same in Police Station Shivaji Park, Gurugram.

Accordingly, summons U/s 70 was issued to recover the demand pending towards the dealer (Excess VAT credit carry forward in the declaration submitted by the dealer in form GST TRAN-1). The dealer did not respond to the summons. Now demand notice in FORM GST DRC-01 vide reference no. ZD060422013906M dated 30.04.2022 U/s 74 of HGST Act, 2017 has been issued to the Taxpayer.

#### **CAG Report 2020-21**

Para No.	:	2.11.8.3.1(a)
Sr No as per	:	CAG Report. 66
Name of the Firm	:	M/s Aggarwal Enterprises
TIN	:	06391951698
GSTIN	:	06BTZPA4119B1ZW
A.Y.	:	2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
40188501	0	40188501	10.10.2017	31.03.2021	1268	33507300	73695801

#### **Reply of Para**

In reply to the audit objection it is submitted that the taxpayer is migrated dealer under GST with GSTIN-06BTZPZ4119B1ZW. The taxpayer is a trader and deals in tube, pipe, hoses and cancel firm. The dealer has carry forwarded VAT Credit worth Rs. 0/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 as the returns VAT R-1/R-2 has not been filed by the dealer.

However, while framing the HVAT assessment for the year 2017-18 (upto 30.06.2017) an additional demand of Rs. 12171088/- was created vide ex-parte order dated 04.09.2018. Accordingly, the dealer was liable to reverse the VAT credit carry forward to HGST credit ledger but the dealer failed to do so.

The dealer is non-existent and a complaint has been filed against the same in Police Station Shivaji Park, Gurugram.

Accordingly, summons U/s 70 was issued to recover the demand pending towards the dealer ( Excess VAT credit carry forward in the declaration submitted by the dealer in form GST TRAN-1). The dealer did not respond to the summons. Now demand

notice in FORM GST DRC-01 vide reference no. ZD060923019599X dated 25.09.2023 U/s 74 of HGST Act, 2017 has been issued to the Taxpayer.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr No as per : CAG Report. 67  
 Name of the Firm - : M/s Mahadev Tradesol Pvt. Ltd.  
 TIN- 06081951094 : GSTIN-06AAJCM5450E1ZL  
 A.Y.- : 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
2067432	0	2067432	12.10.2017	31.03.2021	1266	1721010	3788442

#### **Reply of Para**

In reply to the audit objection it is submitted that the taxpayer is migrated dealer under GST with GSTIN-06AAJCM5450E1ZL. The taxpayer is a trader and deals in Micro phone, telephone set and cancel firm. The audit para is accepted. The dealer has carry forwarded VAT Credit worth Rs. 2067432/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 as per returns VAT R-1. However, while framing the HVAT assessment for the year 2017-18 (upto 30.06.2017) an additional demand of Rs. 4743277/- was created vide ex-parte order dated 04.09.2018. Accordingly, the dealer was liable to reverse the VAT credit carry forward to HGST credit ledger but the dealer failed to do so.

Demand notice has been sent in FORM GST DRC-01 vide reference no. ZD060422013911V dated 30.04.2022 U/s 73 of HGST Act, 2017 (Copy attached).

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report. : 79  
 Name of Firm : M & M Machine Craft Pvt Ltd.  
 TIN : 06981914972,  
 GSTIN : 06AAACM6385K1Z5  
 A.Y. : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
4242125.79	203598	4038527.79	25.08.2017	31.03.2021	1314	3489288	7527815.79

**Reply of Para**

In response to the audit para, it is submitted that the taxpayer is migrated dealer under GST with GSTIN- 06AAACM6385K1Z5. The taxpayer is manufacturer and deals in part of internal combustion engines and a live firm. The para is accepted. It is stated that the dealer has carry forwarded VAT Credit worth Rs.42,42,125/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being excess as per returns VAT R-1. While framing the HVAT assessment for the year 2017-18 (up to 30.06.2017) assessment order dt 18-06-2020, credit of Rs.2,03,598/- was allowed to carry forward. Thus dealer has claimed excess amount of Rs. 40,38,528/- in TRAN 1. Accordingly, the dealer has to reverse the VAT credit ledger but the dealer failed to do so.

Notice in form DRC-01 dated 26.09.2023 was issued in respect to Excess VAT credit carry forwarded in the declaration submitted by the dealer in form GST TRAN-1 for above amount along with interest and applicable penalty.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per : CAG Report. 46  
 Name : M/s Shubh Enterprises  
 TIN- 06921942844 : GSTIN-06AEYPA2506D1ZU  
 A.Y. : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the

notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

3	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
218348	64593	153755	23.10.2017	31.03.2021	1255	126879	280634

#### Reply of Para

In reply to the audit objection, it is submitted that the taxpayer is migrated dealer under GST with GSTIN-06AEYPA2506D1ZU. The taxpayer is a trader and deals in paints and a live firm. The audit para is accepted. The dealer has carried forward VAT Credit worth Rs. 218348/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017 being excess as per returns VAT R-1. While framing the HVAT assessment for the year 2017-18 (upto 30.06.2017) an excess of Rs. 64593/- was allowed vide order dated 04.09.2019.

It is hereby brought to your kind notice that the benefit of excess carried forwarded worth Rs. 146779/- for the year 2016-17 was not allowed in the assessment order for the year 2017-18. Accordingly, the order was rectified vide order dated 24.02.2022 wherein the VAT credit worth Rs.146779/- was allowed. Thus, overall, the dealer has excess claimed ITC of Rs. 6976/- in Tran-1. and interest of Rs. 5836/- was imposed on the excess claim of Tran-1. which resulted into an additional demand worth Rs. 12812/-.

#### CAG Report 2020-21

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 86  
 Name of Firm : M/s Transel Impex P. L. Gurugram (West)  
 GSTIN : 06AAACT3093P3ZV  
 A.Y. : 2017-18

#### Audit Objection

##### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
381578	30788	350790	27-12-2017	31-03-2021	1190	274481	625271

### Reply

It is submitted that the objection raised by Audit in case of M/s Transel Impex P.L. Gurugram (West) GSTIN 06AAACT3093P3ZV has been examined by the Assessing Authority. The dealer is engaged in the business of manufacturing of sanitary parts of kitchen etc. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is admitted. Based upon the assessment order for the year 2017-18, the audit party has objected that carry forward of excess transitional credit of non-eligible amount Rs.350790/-. Hence DRC-01 issued on dated 30.09.2023 for 30.10.20123 to recover the due amount vide reference no. ZD060923027324I. Further, Reminder issued for personal hearing to the taxpayer for 12.12.2023.

### CAG Report 2020-21

Para No.	: 2.11.8.3.1 (a)
Sr. No. as per CAG Report	: 88
Name of Firm	: M/s Natic Timber India Gurugram (West)
GSTIN	: 06AAVPO9679G1ZP
A.Y.	: 2017-18

### Audit Objection

#### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1813518	1301397	512121	30-08-2017	31-03-2021	1309	440789	952910

### Reply

It is submitted that the objection raised by Audit in case of M/s Natic Timber India, Gurugram GSTIN 06AAVPO9679G1ZP has been examined by the Assessing Authority and the Audit para is admitted. Demand of Rs.735053/- (Tax : 512123 and Interest : 222930 as on 30.07.2019) was created on 22/07/2019 through DRC-07. Demand related to tax is set off through cash and credit ledger (copy enclosed) on 10.05.2022. Demand (Rs 222930) related to Interest is pending. Additionally DRC-01A dated 13.10.2023 and DRC-01 dated 17.11.2023 has been issued for additional demand of Interest of Rs. 354250 (Interest has been levied upto date of payment of tax i.e. 10/05/2022 and Total demand of Interest created : Rs. 577180). As the proper officer has issued the relevant order, it is requested that para may be settled please.

### CAG Report 2020-21

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 89  
 Name of Firm: M/s Mercury Car Rentals P. L.  
 Gurugram (West)  
 GSTIN : 06AACCM0488P1Z1  
 A.Y. : 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
51733338	49313655	2419683	18-08-2017	31-03-2021	1321	2101743	4521426

#### **Reply**

It is submitted that the objection raised by Audit in case of M/s Mercury Car Rentals P. L. Gurugram (West) GSTIN 06AACCM0488P1Z1 has been examined by the Assessing Authority. The dealer is engaged in the business of manufacturing of electric motor light equipment etc. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is admitted. Based upon the assessment order for the year 2017-18, the audit party has objected that carry forward of excess transitional credit of non-eligible amount Rs. 2419683/-. Reminder issued for personal hearing to the taxpayer for 12.12.2023. In case of failure to appear demand shall be raised via DRC07.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 96  
 Name of Firm : M/s Bhole Enterprises Gurugram (West)  
 GSTIN : 06GBFPS8111C1ZS  
 A.Y. : 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward

of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
492893	14650	478243	19-09-2017	31-03-2021	1289	405340	883583

### Reply

It is submitted that the objection raised by Audit in case of M/s Bhole Enterprises Gurugram (West) GSTIN 06GBFPS8111C1ZS has been examined by the Assessing Authority. The dealer is engaged in the business of manufacturing of electric motor light equipment etc. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is admitted. Based upon the assessment order for the year 2017-18, the audit party has objected that carry forward of excess transitional credit of non-eligible amount Rs. 478243/-. In response to the same it is submitted that notice has been issued, but not replied by the taxpayer. Hence DRC-01 dated 11.09.2023 issued to recover the due amount vide reference no. ZD0609230078078. Reminder issued for personal hearing to the taxpayer for 12.12.23. In case of failure to appear demand shall be raised via DRC07. Encl: DRC-01

### CAG Report 2020-21

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 71  
 Name of Firm : M/s Aar Cee Contractor Gurugram (West)  
 GSTIN : 06AAKCA4607N1ZG  
 A.Y. : 2017-18

### Audit Objection

#### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
931293	0	931293	29-12-2017	31-03-2021	1188	727480	1658773

### Reply



It is submitted that the objection raised by Audit has been examined by the Assessing Authority. The dealer is engaged in the business of manufacturing of STRUCTURES (EXCLUDING PREFABRICATED BUILDINGS. Presently, the dealer is existing and functional. Audit objection raised by the audit is not admitted.

The taxpayer has collected Rs.17167001/- as advances during the pre-GST regime but these advance payments could not be adjusted in the pre-GST period and the same was carried forward in the GST regime. VAT paid by the taxpayer on such unadjusted advance payments is Rs.858350/- (5% of Rs.17167001/-). The taxpayer has carried forward Rs.834800/- in its GST TRAN-1 on this account as per Section 142 (11) (c) of the CGST/HGST Act. Further, the taxpayer has duly paid GST on such services which have been supplied in the GST era but the advances for the same were received in pre-GST era. Hence, there cannot be double taxation on the same transaction and the taxpayer is entitled for the credit of the taxes paid during the pre-GST era. In addition to above, the taxpayer has also claimed the credit of VAT of Rs.96493/- in its GST TRAN-1 with respect to inputs lying in stock as on 30.06.2017. The taxpayer deposited Rs.96493/- along with interest of Rs.103499/- vide DRC-03 ARN-AD061223001504S dated 05.12.2023 (copy enclosed).

The case of the firm was taken up in scrutiny under section 61 of the HGST Act, 2017 by the Proper Officer and notice in form ASMT-10 was issued. Claim of ITC in TRAN-1 was also one of the grounds. The taxpayer has replied in form ASMT-11 to the Proper Officer who has dropped the proceedings after considering the reply of the taxpayer. (Copy of notice in form ASMT-10, reply in form ASMT 11 and order in form ASMT-12 are attached). In view of the above, it is requested that the para may be settled.

#### **CAG Report 2020-21**

Para No.	: 2.11.8.3.1 (a)
Sr. No. as per CAG Report	: 160
Name of Firm	: M/s. Mohini Electricals Ltd, Gurugarm (E)
GSTIN	: 06AAACM1239L1ZK
A.Y.	: 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
383705	0	383705	24-10-2017	31-03-2021	1254	316383	700088

### Reply

It is submitted that objection raised by the Audit in the case of M/s.Mohini Electricals Ltd, GSTIN-06AAACM1239L1ZK has been examined by the Assessing Authority. The dealer is a contractor of industrial plant project & Spare parts and other raw materials (including semi-furnished materials or consumable stores for the maintenance of plant or project etc and registered with central jurisdiction. The firm is functional at its place of business. In reply to the audit para it is intimated that the assessment for the year 2017-18 was framed vide 43 on dated 25.04.2019 and Nil demand created. Since firm registered on 30.03.2017 and the firm made purchases of Rs. 7308658/- and claimed ITC of Rs. 383705/- and filed TRANS-1. However no benefit of Input Tax Credit allowed to the dealer as per the assessment order under the HVAT Act 2003 It is pertinent to mention that the Interest @ 18% is applicable u/s 50 of CGST Act 2017 however the audit party calculated the interest @ 24% . Further to the audit objection raised by the Audit is admitted and the case of the taxpayer has been taken up for Scrutiny of Returns for the year 2017-18 and Show Cause Notice in the form of DRC-01 has been issued to the taxpayer under section 74 (tax fraud) of the HGST Act 2017 and rules thereunder. Since all the sincere efforts has been made to protect the Government Revenue. Hence, it is requested that the audit para may be dropped.

### CAG Report 2020-21

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 164  
 Name of Firm : M/s. Shapoorji Pallonji & Co. Pvt. Ltd.,  
 Gurugarm (E)  
 GSTIN : 06AAACS6994C1Z9  
 A.Y. : 2017-18

### Audit Objection

#### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
28423210	0	28423210	25-12-2017	31-03-2021	1192	22277567	50700777

### Reply

It is submitted that objection raised by the Audit in the case of M/s. Shapoorji

Pallonji & Co., GSTIN-06AAACS6994C1Z9 has been examined by the Assessing Authority. The dealer is engaged in the business of Works Contract, Service Provision, Recipient of Goods or Services, Input Service Distributor (ISD) etc. Presently firm is functional at its place of business. It is pertinent to mention that the Interest @ 18% is applicable u/s 50 of CGST Act 2017 however the audit party calculated the interest @ 24%. Audit objection raised by the Audit is admitted and the case for the year 2017-18 has been taken in GST audit under section 65 of GST Act 2017, and Show Cause Notice under section 73 of HGST Act 2017 has already been issued to the taxpayer. Since all the sincere efforts has been made to protect the Government Revenue. Hence, it is requested that the audit para may be dropped.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(A)  
 Sr. No. as per CAG Report : 118  
 Name of Firm : M/s Sampda Trading Co.  
 GSTIN : 06BWRPS3186B1Z7  
 TIN : 06561846034  
 A.Y. : 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
8668898	0	8668898	28-12-2017	31-03-2021	1189	6777494	15446492

#### **Reply**

It is submitted that the objection raised by Audit Party in case of M/s Sampda Trading Co., Gurugram GSTIN 06BWRPS3186B1Z7 has been examined by the Proper Officer. The taxpayer engaged in the business of machines and apparatus of a kind used solely or principally for the manufacture of semi conductor boules or wafers. Now the taxpayer stands cancelled w.e.f. 01.07.2017.

Audit objection raised by the audit party is admitted and it is submitted that Show Cause notice in-form GST DRC-01 has been issued to the dealer on dated 15.10.2023 for 15.11.2023 via reference No.ZD061023009582V.(Copy of SCN in-form DRC-01 is enclosed.) under section 74 of the CGST/HGST Act, 2017. It is pertinent to mention that the Interest @ 18% is applicable u/s 50 of CGST Act 2017 however the audit party calculated the interest @ 24%. Since all the sincere efforts have been made to protect the Govt. revenue, Hence it is requested that para may please be settled.

**CAG Report 2020-21**

Para No : 2.11.8.3.1(a)  
 Serial No. as per CAG Report : 119  
 Name of the dealer : M/s Clouttail India P. Ltd.  
 TIN : 06981837081  
 Assessment Year : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not consider in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
12266248	11290983	975265	12/27/2017	03/31/2021	1190	763112	1738377

**Reply**

It is hereby submitted that the above mentioned dealer is engaged in the business of E-Commerce Business. The dealer has migrated into GST and its current status is active.

In reply to the audit objection, It is submitted that the original assessment of the dealer was framed on dated 31.03.2021 vide D.No190 and an excess of Rs.11290983/- was allowed to the dealer under HVAT Act.

The difference excess amount of Rs. 975625/- claimed in Tran-1 has already been reversed by the taxpayer vide DRC-03 0607210002067K on dated 14.07.2021. It is pertinent to mention here that jurisdiction of the firm changed from the office of undersigned to Ward-08, ETO-cum Proper Officer, Ward-08, Gurugram (South) and a letter was sent vide Memo No.2474 dated 13.10.2023 to DETC (ST) Gurugram (South) with a request to issue notice to the said firm under Section 74 in from DRC-01 so that recovery against the interest amount be made.

In the view of the above facts audit para needs to be dropped.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report: : 120  
 Name of the Firm : St. Patricks Reality Pvt. Ltd., Gurugram (East)  
 GSTIN : 06AAMCS1877J1ZU

**Audit Objection**

Carry Forward of Excess Transitional Credit of Non-Eligible Amount (Where TRAN-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by the dealers wholly/partially. Matter has been brought to the notice of Assessing Authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
68,42,356.00	0	68,42,356.00	27.12.2017	31.03.2021	1190	53,53,909.00	1,21,96,265.00

#### Reply

In reply to audit objection, it is submitted that the para is admitted and the firm is doing business as Builder/Developer. The firm is active and falls under Central Jurisdiction. Further it is submitted that the excess ITC for Rs.68,42,356.00 availed by Taxpayer has been recovered through CPIN 21110600164686 dated 25.11.2021. SCN U/s 74(1) of the HGST Act, 2017/ CGST Act, 2017 in form DRC 01 has been issued to the dealer for recovery of interest.

#### CAG Report 2020-21

Para No. : 2.11.8.3.1(A)  
 Sr. No. as per CAG Report : 121  
 Name of Firm : M/s Sunny Chemicals Pvt. Ltd.  
 GSTIN : 06AAACS6603C1ZV  
 TIN : 06051829202  
 A.Y. : 2017-18

#### Audit Objection

##### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
5621410	0	5621410	13-10-2017	31-03-2021	1265	4675781	10297191

#### Reply

It is submitted that the objection raised by Audit Party in case of M/s Sunny Chemicals Pvt. Ltd., Gurugram, GSTIN 06AAACS6603C1ZV has been examined by the Proper Officer. As per registration details the dealer was engaged in the business of

organic composite solvents and thinners. As of now, the dealer is cancelled w.e.f. 27.10.2021.

Audit objection raised by the audit party is admitted and it is submitted that Show Cause notice in-form GST DRC-01 has been issued to the dealer on dated 15.10.2023 for 15.11.2023 via reference No. ZD0610230096021 under Section 74 of HGST/CGST Act, 2017(copy attached). It is pertinent to mention that the Interest @ 18% is applicable u/s 50 of CGST Act 2017 however the audit party calculated the interest @ 24%. Since all the sincere efforts have been made to protect the Govt. revenue. Hence it is requested that para may please be dropped.

#### **CAG Report 2020-21**

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	123
Name of Firm	:	M/s. HCBS PROMOTERS DEVELOPERS PVT LTD, Gurugarm (E)
GSTIN	:	06AABCH5904J2ZN
A.Y.	:	2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1855924	0	1855924	12/26/2017	3/31/2021	1191	1453417	3309341

#### **Reply**

It is submitted that the objection raised by the Audit in case of M/s. HCBS PROMOTERS DEVELOPERS PVT LTD, GSTIN 06AABCH5904J2ZN has been examined by the Assessing Authority. The dealer is engaged in the business of construction services in respect of commercial or industrial buildings and civil structures presently the firm is functional at its principal place of business. The audit objection raised by the audit is partially accepted. It is also submitted that the taxpayer has reversed the ITC amounting to ₹1505015/- and deposited the interest amounting to ₹1505015/- under the SGST Act 2017 on dated 27.08.2021. However the case of taxpayer has been taken up for Scrutiny of Returns for the year 2017-18 for ensuring complete recovery of tax and interest applicable and Notice in the form of DRC01 has already been issued to the taxpayer on dated 15.09.2023 under section 73 of GST Act 2017 and rules thereunder. In the view of the above audit para may please be dropped. Copy of the DRC03 and SCN attached herewith.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1(A)  
 Sr. No. as per CAG Report : 125  
 Name of Firm : M/s Akshit Enterprises  
 GSTIN : 06AGQPG6942H1Z4  
 TIN : 06461846005  
 A.Y. : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
8536000	0	8536000	28-08-2017	31-03-2021	1311	7358266	15894266

**Reply**

It is submitted that the objection raised by Audit Party in case of M/s Akshit Enterprises, Gurugram GSTIN 06AGQPG6942H1Z4 has been examined by the Proper Officer. As per registration details the dealer was engaged in the business of machines and apparatus of a kind used solely or principally for the manufacture of semi conductor boules or wafers. As of now, the dealer is cancelled w.e.f. 30.06.2018.

Audit objection raised by the audit party is admitted and it is submitted that Show Cause notice in-form GST DRC-01 has been issued to the dealer on dated 15.10.2023 for 15.11.2023 via reference No.ZD061023009599G under Section 74 of HGST/CGST Act, 2017. Copy of SCN in-form DRC-01 is enclosed. Since all the sincere efforts have been made to protect the Govt. revenue. Hence it is requested that para may please be dropped.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 126  
 Name of Firm : M/s. MOHAK IMPEX, Gurugarm (E)  
 GSTIN : 06BQQPA0991K1ZK  
 A.Y. : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
36728540	0	36728540	12/27/2017	3/31/2021	1190	28738825	65467365

#### Reply

It is submitted that objection raised by the Audit in the case of M/s. MOHAK IMPEX, GSTIN-06BQQPA0991K1ZK has been examined by the Assessing Authority and it is found that the dealer is engaged in the business of Retailer/Whole seller. Presently the dealer stands cancelled w.e.f. 31.03.2018. In reply to the audit observation, it is submitted that the assessment for the A.Y 2017-18 was framed vide D No. 220 dated 10.03.2021 wherein an additional demand of ₹1743891/- under HVAT Act, 2003 and ₹21055523/- under CST Act, 1956 was created. It is pertinent to mention here that no ITC allowed under the HVAT Act 2003 in the assessment order. Further the Assessing Authority was not having any system/tools to check the TRAN-1 & there was no control mechanism at that time. Audit objection raised by the Audit admitted and the case of the taxpayer has been taken up for Scrutiny of Returns for the year 2017-18 and Show Cause Notice in the form of DRC-01 issued under section 74(tax fraud) of the HGST Act 2017 and rules thereunder after due perusal of the records. In the view of the above the audit para may please be dropped.

#### CAG Report 2020-21

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	127
Name of Firm	:	M/s. FLIPKART INDIA PVT LTD, Gurugarm (E)
GSTIN	:	06AABCF8078M1Z5
A.Y.	:	2017-18

#### Audit Objection

##### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
3889642	0	3889642	11/3/2017	3/31/2021	1244	3181621	7071263



**Reply**

It is submitted that the objection raised by the Audit in case of M/s. **FLIPKART INDIA PVT LTD**, GSTIN -**06AABCF8078M1Z5** has been examined by the Assessing Authority. The dealer is E commerce Operator & presently the firm is functional at its principal place of business. The audit objection raised by the audit is accepted. In reply to the audit observation, it is submitted that Intimation to Show Cause Notice for amounting to `8300496/- (Tax 3889642/-, Interest 3438444/-, Penalty 972410/-) was issued on 20.08.2021. Since the Taxpayer approached to appellate Authority for A.Y. 2015-16, 2016-17, 2017-18 and also submitted Bank Guarantee to the department. ITC was disallowed by the Deptt. & same is under litigation. Moreover the case of the taxpayer has been taken up for GST Audit and Show Cause Notice under section 73 of HGST Act 2017 and rules thereunder in the form of DRC01, issued to the Taxpayer vide ARN- ZD060923025223O on dated 28.09.2023. In view of the above audit para may please be dropped. Copy of the DRC01 and SCN attached herewith.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 128  
 Name of Firm : M/s. BPTP Ltd., Gurugarm (E)  
 GSTIN : 06AACCB2442A1ZH  
 A.Y. : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
30326694	0	30326694	27-12-2017	31-03-2021	1190	23729599	54056293

**Reply**

The dealer is builder/developer and migrated under GST Act and currently active. The audit para is admitted. In reference to the audit observation, it is intimated that notice for the recovery u/s 142 and DRC-01A has been issued to the dealer to recover the outstanding dues against the dealer. The dealer has not deposit the amount hence, DRC-01 is issued to the dealer.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 129  
 Name of Firm : M/s. Blackberry Realtech Pvt. Ltd.,  
 Gurugarm (E)  
 GSTIN : 06AAECB6735E1ZV  
 A.Y. : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
3383612	0	3383612	07-10-2017	31-03-2021	1271	2827773	6211385

**Reply**

The dealer is builder/developer and migrated under GST Act and currently active. The audit para is admitted. In reference to the audit observation, it is intimated the amount of Rs. 3383612/- has already been adjusted in Assessment order (159/04.03.2021) under HVAT Act, 2003 and an additional demand of Rs. 3393612/- is created. Recovery proceedings has been initiated against the dealer and DRC-01 issued.

**CAG Report 2020-21**

Para No : 2.11.8.31(a)  
 Serial No. as per CAG Report : 130  
 Name of the dealer : M/s Najin Exports  
 TIN/GSTIN : 06601826329/06AACCN1409K1ZN  
 Assessment Year : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not consider in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
6559041	3928331	2630710	27/12/2017	31/03/2021	1190	5132225	11691266

**Reply**

The above mentioned firm is wholesale/retail trader with commodity deal in abrasive cloths and having status as active and migrated as per the record available. In reference to the audit objection, it is submitted that the assessment order for year 2017-18 has rectified vide dated 28.01.2021 and demand reduced, excess carry forward comes to Rs.3928331/-. Thereafter the dealer deposited amount of Rs.2540200/- vide GRN 84520559 dated 02.12.2021 and Rs.90510 vide GRN 84524449 dated 26.11.2021. It is submitted that DRC-01 notice u/s 74 vide dated 12.10.2023 has been issued to recover the interest amount.

In view of the ibid observation para may please be dropped.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 131  
 Name of Firm : M/s. JJ SALES CORPORATION,  
 Gurugarm (E)  
 GSTIN : 06AALFJ2665H1Z7  
 A.Y. : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
29003350	0	29003350	8/28/2017	3/31/2021	1311	25001682	54005032

**Reply**

It is submitted that the objection raised by the Audit in case of M/s. **JJ SALES CORPORATION**, GSTIN-**06AALFJ2665H1Z7** has been examined by the Assessing Authority. The dealer is engaged in the business of Industrial items like radiators for central heating, not electrically heated, and parts thereof, of iron or steel; air heaters and hot air distributors (including distributors which can also distribute fresh or conditioned air), not electrically heated, incorporating a motor-driven fan or blower, and parts thereof, of iron or steel - radiators and parts thereof : of cast iron and the firm is function at its principal place of business. The audit objection raised by the audit is accepted. It is also intimated that the case of the taxpayer has been taken up for Scrutiny of Returns for the year 2017-18 and Show Cause Notice in the form of DRC01 has been issued on dated under section 74 of the HGST Act 2017 and rules thereunder. In the view of the above audit para may please be dropped.(copy of the DRC01/SCN attached).

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 132  
 Name of Firm : M/s. RADHEY KRISHNA ENTERPRISES,  
 Gurugarm (E)  
 GSTIN : 06BLEPR1848F1Z2  
 A.Y. : 2017-18

### Audit Objection

#### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
29524302	0	29524302	10/23/2017	3/31/2021	1255	24363616	53887918

### Reply

It is submitted that the objection raised by the Audit in case of M/s. Radhey Krishna Enterprises, GSTIN -06BLEPR1848F1Z2 has been examined by the Assessing Authority. The dealer is a trader of industrial equipment like Stranded Wire, Ropes, Cables, Plaited Bands, Slings of Iron or Steel, Not Electrically Insulated - Stranded Wire, Ropes and Cables : Wire Ropes, Black & presently the firm is functional at its principal place of business. The audit objection raised by the audit is accepted. In reply to the audit observation, it is intimated that the assessment for the A.Y 2017-18 was framed vide D No 165 dated 18.02.2021 wherein an additional demand of Nil was created under HVAT Act, 2003 and ₹25870733/- under the CST Act. It pertinent to mention that No ITC allowed to the dealer at the time of assessment under the HVAT Act 2003. However the case of the taxpayer has been taken up for Scrutiny of Returns for the year 2017-18 and Show Cause Notice in the form of DRC01 has been issued vide ARN ZD061023008096X on dated 12.10.2023 under section 74(tax fraud) of the HGST Act 2017 and rules thereunder after due perusal of the records. In the view of the above the audit para may please be dropped.

### CAG Report 2020-21

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 134  
 Name of Firm : M/s. STAUNCH E TAIL SERVICES  
 LLP HOLDING, Gurugarm (E)  
 GSTIN : 06AANFG5292K1ZW  
 A.Y. : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1770114	0	1770114	12/27/2017	3/31/2021	1190	1385054	3155168

**Reply**

The objection raised by the Audit in case of M/s Staunch E Tail Services LLP Holding, GSTIN 06AANFG5292K1ZW has been examined by the Proper Officer. The dealer is a trader of IT equipment. The firm stands cancelled w.e.f. on 31/12/2022. Audit objection raised by the audit is admitted. After detailed scrutiny of the audit objection by the Audit it is submitted that, Intimation to Show Cause Notice amounting to Rs. 3777423 (Tax 1770114/-, Interest 1564781/-, Penalty 442528/-) was issued to the Taxpayer on dated 20.08.2021. Consequent upon the Intimation to Show Cause Notice the Taxpayer made the payment of Rs. 1770114/- (Rs. 1609385+Rs. 160729) in form of FORM GST DRC-03. Copy of the DRC03 enclosed herewith. Since the taxpayer has reversed the ineligible ITC claimed through TRAN-1 however Interest amounting to ₹ 828413/- required to be recovered. Hence Show Cause Notice under section 74 of HGST Act has been issued to the taxpayer. In view of the above submissions the audit para may please be dropped (copy of DRC-01 attached).

**CAG Report 2020-21**

Para No. : 2.11.8.31(a)  
 Serial No. as per CAG Report : 135  
 Name of the dealer : M/s Billion Engineering P. Ltd.  
 TIN : 06321819596  
 Assessment Year : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not consider in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
1923360	307486	1615874	12/22/2017	03/31/2021	1195	1269679	2885553

**Reply**

It is hereby submitted that the above mentioned dealer is engaged in the business of manufacturing (glass products). The dealer has migrated into GST and current status is active. In reply to the audit objection, It is submitted that the original assessment for the A.Y. 2017-18 was framed on dated 17.02.2021 vide D.No117 and an excess of Rs.307486/- was allowed to the dealer under HVAT Act.

Further, the original assessment order was rectified and excess Rs.1871296/- was allowed to the dealer. After adjusting the excess amount of Rs. 1871296/- the balance excess amount 52065/- taken in TRAN-1, DRC-01 is issued to the dealer.

In the view of the above facts audit para needs to be dropped

**CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Serial No. as per CAG Report : 138  
 Name of the dealer : M/s Boutique International  
 TIN : 06651821694  
 Assessment Year : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not consider in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
1758394	20970	1737424	12/18/2017	03/31/2021	1199	1369757	3107181

**Reply**

It is hereby submitted that the above mentioned dealer is engaged in the business of Manufacturing (Smoking tobacco products). The dealer has migrated into GST and its current status is active. In reply to the audit objection, It is submitted that the original assessment of the dealer was framed on dated 10.02.2021 vide D.No.82 and an excess of Rs. 20970/- was allowed to the dealer under HVAT Act.

The original assessment order for 2017-18 was rectified and an excess carry forward of Rs. 494939/- was allowed to the dealer. After adjusting this excess amount Rs.494939/-. The Balance amount Rs.12,63,455/- paid by the dealer vide DRC-03 (Rs.204703/-vide DRC-03 AD060721002312T dated 15.07.2021& Rs. 1058752/- vide DRC-03 AD060721002702M dated 17.07.2021).

Recovery proceeding u/s 74 of HGST has been initiated against the dealer by issuing DRC-01 for Rs. 1369757/- on dated 12.10.2023.

In the view of the above facts audit para needs to be dropped.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(A)  
 Sr. No. as per CAG Report : 140  
 Name of Firm : M/s Neetee Apparel LLP  
 GSTIN : 06AAKFN5563H1Z1  
 TIN : 06911836877  
 A.Y. : 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1034643	457446	577197	27-12-2017	31-03-2021	1190	451637	1028834

#### **Reply**

It is submitted that the objection raised by Audit Party in case of M/s Neetee Apparel LLP, Gurugram GSTIN 06AAKFN5563H1Z1 has been examined by the Proper Officer. The dealer is engaged in the business of manufacturing of readymade garments. As of now, the dealer is existing, functional and doing business at Plot No. 218, Phase - 1, Udyog Vihar, Gurugram.

Audit objection raised by the audit party is admitted and it is submitted that the dealer has reversed the transitional credit of Rs.5,77,197/- (Rs.4,53,501/- via DRC-03 dated 20.12.2019 and Rs.1,23,696/- via DRC-03 dated 01.02.2021). It is pertinent to mention that the Interest @ 18% is applicable u/s 50 of CGST Act 2017 however the audit party calculated the interest @ 24%. It is further submitted that the dealer has not discharged the interest liability on the reversal of transitional credit through DRC-03,

therefore, show cause notice in-form GST DRC-01 has been issued to the dealer on dated 13.10.2023 for 13.11.2023 via reference No. ZD061023009168T under section 73 of CGST/HGST Act, 2017. Copy of assessment order for the year 2017-18, DRC-03 dated 20.12.2019 and dated 01.02.2021 and SCN in-form DRC-01 is enclosed. Since, the dealer has reversed the transitional credit excess availed and necessary action for recovery of Interest applicable has been initiated. Since all the sincere efforts have been made to protect the Govt. revenue. Hence it is requested that para may please be dropped.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(A)  
 Sr. No. as per CAG Report : 141  
 Name of Firm : M/s Kanika Udyog  
 GSTIN : 06AAQPG1248J1ZM  
 TIN : 06691825455  
 A.Y. : 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
621538	0	621538	27-12-2017	31-03-2021	1190	486332	1107870

#### **Reply**

It is submitted that the objection raised by Audit Party in case of M/s Kanika Udyog, Gurugram GSTIN 06AAQPG1248J1ZM has been examined by the Proper Officer. As per registration details the dealer was engaged in the business of parts and accessories of the motor vehicles. As of now, the dealer stands cancelled w.e.f. 31.01.2020.

Audit objection raised by the audit party is admitted and it is submitted that Show Cause notice in-form GST DRC-01 has been issued to the dealer on dated 15.10.2023 for 15.11.2023 via reference No. ZD0610230096013 under Section 74 of HGST/CGST Act, 2017 (copy attached). It is pertinent to mention that the Interest @ 18% is applicable u/s 50 of CGST Act 2017 however the audit party calculated the interest @ 24%. Since, all the sincere efforts have been made to protect the Govt. revenue. Hence it is requested that para may please be dropped.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Serial No. as per CAG Report : 142



Name of the dealer : M/s Centerline India P. Ltd.  
 TIN : 06851821694  
 Assessment Year : 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not consider in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
1997099	497630	1499469	08/26/2017	03/31/2021	1313	1294555	2794024

#### **Reply**

It is hereby submitted that the above mentioned dealer is engaged in the business of Retail Trade . The dealer has migrated into GST and its current status is active.

In reply to the audit objection, It is submitted that the original assessment of the dealer was framed on dated 14.12.2020 vide D. No. 52 and an excess of Rs.497630/- was allowed to the dealer under HVAT Act.

The mismatch amount of Rs.1499469/- has been reversed by the Firm Vide DRC AD0612190016368 for Rs.1389258 & DRC AD0607210021640 for Rs. 110211/-. So, there is no demand pending against the dealer.

A DRC-01 notice u/s 74 has been served vide dated 12.10.2023 to recover the interest amount of Rs.1294555/-.

In the view of the above facts audit para needs to be dropped.

#### **CAG Report 2020-21**

Para No: : 2.11.8.31(a)  
 Serial No. as per CAG Report : 144  
 Name of the dealer : M/s Maruka India Pvt. Ltd.  
 TIN/GSTIN : 06961828653/06AAFCM1481P1Z3  
 Assessment Year : 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not consider in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought

to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
1944784	0	1944784	27/12/2017	31/03/2021	1190	1521727	3466511

#### Reply

The above mentioned firm is wholesale/retail trader & service provider with commodity detail- abrasive cloths. The firm stands cancelled from 01.07.2021. In reference to the audit objection, it is submitted that ITC of the dealer amounts to Rs. 1346036 was blocked on dated 14.09.2021. It is also pertinent to mention here that a notice in Form of DRC-01 u/s 74 of CGST Act, 2017 on 12.10.23 has been issued to the dealer. In view of the ibid observation para may please be dropped.

#### CAG Report 2020-21

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 146  
 Name of Firm : M/s. ANSHU MEDIWAYS, Gurugarm (E)  
 GSTIN : 06AAFPB5273R1ZD  
 A.Y. : 2017-18

#### Audit Objection

##### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
102796	0	102796	10/23/2017	3/31/2021	1255	84828	187624

#### Reply

It is submitted that the objection raised by the Audit in case of M/s. ANSHU MEDIWAYS, GSTIN -06AAFPB5273R1ZD has been examined by the Assessing Authority. The dealer is engaged in the business of pharmaceuticals items & presently the firm is functional at its principal place of business. The audit objection raised by the

audit is accepted. It is also submitted that the case of the taxpayer has been taken up for scrutiny of Returns for the year 2017-18 for ensuring complete recovery of applicable Tax, Interest & Penalty hence Notice in the form of DRC01 has already been issued to the taxpayer on dated 30.09.2023 vide ARN AD060923010994X under section 73 of GST Act 2017 and rules thereunder.

In the view of the above audit para may please be dropped. Copy of the DRC01 and SCN attached herewith.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 151  
 Name of Firm : M/s. Qutub Auto Pvt. Ltd. Gurugarm (E)  
 TIN/GSTIN : 06901831402/06AAACQ2319K1ZJ  
 A.Y. : 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
624518	349533	274985	25-12-2017	31-03-2021	1192	215528	490513

#### **Reply**

It is submitted that the objection raised by Audit in case of **M/s. Qutub Auto Pvt. Ltd.**, GSTIN **06AAACQ2319K1ZJ** has been examined by the Assessing Authority. The dealer is engaged in the business of accessories & parts of motor vehicles. Presently, as of now, the firm is active as mentioned on the GST portal. Audit objection raised by the Audit is partly admitted.

The mismatch amount of Rs. 274985/- has been paid by the firm vide ARN AD0607210047658 dated 27.07.2021 and Intimation notice for interest of Rs. 215528/- has been issued. It is intimated that intimation to SCN (DRC-01A) issued to the taxpayer on 08.09.2023. Subsequently, DRC-01 issued to taxpayer on 16.09.2023. Due date of reply is 14.10.2023.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 153  
 Name of Firm : M/s. G.D BUILDERS, Gurugarm (E)  
 GSTIN : 06AAAFG2009B1ZB  
 A.Y. : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
307865	0	307865	01-12-2017	31-03-2021	1216	246157	554022

**Reply**

The dealer is builder/developer and migrated under GST Act and currently active. The audit para is admitted. In reference to the audit observation, it is intimated that notice for the recovery u/s 142 and DRC-01A has been issued to the dealer to recover the outstanding dues against the dealer. The dealer has not deposit the amount hence, DRC-01 is issued to the dealer.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 154  
 Name of Firm : M/s. R & G Healthcare, Gurugram (East)  
 GSTIN : 06AATFR4132R1ZG  
 A.Y. : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward

of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
2,57,979	1,79,597	78,382	26.12.2017	30.09.2023	2105	88,209	1,66,591

### Reply

In reference to the audit objection, it is informed that the taxpayer was in the business of Healthcare products. The taxpayer had taken HSN 30051010, 30051020, 30059010, 30032000 & 30033100 which primarily deal with Gauze, Bandages, Wadding and Medicaments etc. The taxpayer was cancelled suo-moto w.e.f. 14.06.2019 vide Order reference no. ZA060819051393A dated 31.08.2019.

Form GST DRC-01A was issued vide reference No. ZD060322000685T dated 03.03.2022 regarding excess availment of TRAN-1. The taxpayer had taken TRAN-1 of Rs. 2,57,979/- from HVAT. Whereas, in the assessment order for year 2017-18 of HVAT Act, 2003 there is an excess of only Rs. 1,79,597/-. An amount of Rs. 78,382/- has been taken in excess of the amount due under HVAT Act, 20003. Accordingly, the taxpayer was directed to pay tax of Rs. 78,382/- (SGST) along with interest @18% of Rs. 78,339/- (SGST). Neither was any reply to DRC-01A uploaded by the taxpayer nor was the differential amount paid.

Therefore, now the department has issued DRC-01 vide Reference No. ZD060923027005O Dated 29.09.2023 under Section 74(1) of HGST/CGST Act, 2017 wherein the taxpayer has been directed to pay tax of Rs. 78,382/- (SGST) along with interest @18% of Rs. 88,209/- (SGST) and applicable penalty, in addition to other observations. Copy of the Form DRC-01 issued is enclosed for ready reference.

In view of the above, it is requested that the Audit Para may kindly be dropped.

### CAG Report 2020-21

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 155  
 Name of Firm : M/s. HAMABO INDIA PVT LTD, Gurugarm (E)  
 GSTIN : 06AABCH8560Q1Z0  
 A.Y. : 2017-18

### Audit Objection

#### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the

notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
2969325	0	2969325	12/27/2017	3/31/2021	1190	2323395	5292720

### Reply

It is submitted that the objection raised by the Audit in case of M/s. Hamabo India Pvt Ltd GSTIN -06AABCH8560Q1Z0 has been examined by the Assessing Authority. The dealer is engaged in the business of trading of electric items and firm is functional at its principal place of business. The audit objection raised by the audit is accepted. It is also submitted that the taxpayer has reversed the ITC amounting to `1856342/- and deposited the interest amounting to `1036808/- on dated 27.01.2022. However the case of taxpayer has been taken up for Scrutiny of Returns for the year 2017-18 for ensuring complete recovery of tax and interest applicable and Notice in the form of DRC01 has already been issued to the taxpayer on dated 30.09.2023 under section 73 of GST Act 2017 and rules thereunder vide ARN- AD060923011028D.. In the view of the above audit para may please be dropped. Copy of the DRC-1 and SCN attached herewith.

### CAG Report 2020-21

Para No. : 2.11.8.3.1(A)  
 Sr. No. as per CAG Report : 156  
 Name of Firm : M/s Tarun Traders  
 GSTIN : 06AGQPC0195E1ZL  
 TIN : 06241823132  
 A.Y. : 2017-18

### Audit Objection

#### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
235172	201368	33804	31/12/2017	31/03/2021	1186	26362	60166

### Reply

It is submitted that the objection raised by Audit Party in case of M/s Tarun Traders, Gurugram GSTIN 06AGQPC0195E1ZL has been examined by the Proper Officer. The dealer was engaged in the business of trading of Portland cement, bricks, all kind of natural sands. As of now, the dealer is existing, functional and doing business at Jalvihar colony, near community Centre, sec-46, Gurugram.

Audit objection raised by the audit party is admitted. , it is intimated that audit has calculated interest @ 24% but as per section 50 of HGST Act, 2017 interest is levied @ 18% which comes to Rs. 19771/-. Total demand comes to 33804 + 19771 = 53575/-. It is submitted that in the assessment order passed by the then Assessing Authority for the year 2017-18, there is already an outstanding demand of Rs. 67608/- ( Tax- 33804 & Interest – 33804) after deducting the claim of transitional credit as availed by the dealer through TRAN -1. Recovery proceeding have already been initiated and proceeding under section 142(8) started. Result of the same will be shared as early as possible.

Copy of assessment order dated – 15-10-2019 is enclosed.

Since all the sincere efforts have been made to protect the government revenue, hence it is requested that para may please be dropped.

### CAG Report 2020-21

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 161  
 Name of Firm : M/s. STAR INTERNATIONAL, Gurugram (E)  
 GSTIN : 06ASWPB1127B1Z7  
 A.Y. : 2017-18

### Audit Objection

#### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
321845255	0	321845255	8/28/2017	3/31/2021	1311	277439427	599284682

### Reply

It is submitted that objection raised by the Audit in the case of **M/s.STAR INTERNATIONAL**, GSTIN-**06ASWPB1127B1Z7** has been examined by the Assessing Authority and it is found that the dealer is engaged in the business of Whole seller of

copper waste and scrap empty or discharged cartridges of all bores and sizes. In is also submitted that the assessment for the A.Y 2017-18 under the HVAT Act 2003 was framed vide D No 800 dated 29.03.2019, wherein an additional demand of `698091716/- was created under HVAT Act, 2003. It is pertinent to mention that No ITC allowed to the dealer at the time of assessment under the HVAT Act 2003. Audit objection raised by the Audit is admitted and the case of the taxpayer has been taken up for Scrutiny of Returns for the year 2017-18 and Show Cause Notice in the form of DRC-01 issued under section 74(tax fraud) of the HGST Act 2017 and rules thereunder after due perusal of the records(copy attached). In the view of the above the audit para may please be dropped.

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs. 6843352/-

M/s Mod Serap Industries

Sr. No. as per CAG Report- 178

GSTIN- 06AAAFM9170F1ZD

Assessment Year- 2017-18

#### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/sModSerap Industries** carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. **6843952/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
3851700	6765	3844935	27.12.2017	31.03.2021	1186	2998417	6843952



### **Audit Reply**

In reply to the audit para, it is submitted that the firm is doing the business of manufacturing of parts and accessories of the motor vehicles at Gurugram. It is submitted that the dealer has carried forward VAT Credit Worth Rs. 3851700/- in his electronic credit ledger as per the provision of section 140(1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs.6765/-. Hence, the taxpayer has claimed excess ITC of Rs. 3844935/- in TRAN-1.

#### **The audit para is admitted. The taxpayer is functional and active.**

Notice in Form GST DRC-01 has been issued to the taxpayer for depositing excess ITC of Rs. 3844935/- which he has claimed in TRAN-01 along with interest. **(Copy of DRC-01 is enclosed).**

It further submitted that the Audit has calculated interest @ 24% from 25.10.2017 to 31.03.2021 (1186 days). This interest rate as per Section 50(3) of CGST/SGST Act, 2017. This interest was to be applicable after Government notification. However, the Government has not notified this interest rate. Hence, applicable interest rate is @18% and therefore, interest has been calculated @18% in DRC-07. This resulted the difference between the interest amount calculated by the Audit.

Since appropriate action has been taken against taxpayer. Para may please be dropped.

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs. 3903013/-

M/s Pasco Automobiles

Sr. No. as per CAG Report- 166

GSTIN-06AAGPP7032H1ZQ

Assessment Year- 2017-18

### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s Pasco Automobiles** carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual

entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 3903013/-**.

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
2192906	0	2192906	15.12.2017	31.03.2021	1186	1710106	3903013

#### **Audit Reply**

In reply to the audit para, it is submitted that the firm is doing the business of trading of motor cars and other motor vehicles principally designed for the transport of persons at Gurugram. It is submitted that the dealer has carried forward VAT Credit Worth Rs. 2192906/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/-.

#### **The audit para is admitted. The taxpayer is functional and active.**

As per assessment order of 2017-18 vide D. No. 683 dated 23.12.2019, the Assessing Authority has allowed the excess C/F of Rs.552323/-. The dealer has claimed excess ITC of Rs.2192906/- in TRAN-01. The taxpayer has reversed the excess amount of Rs.1436409/- while filing GSTR-3B of December- 2018. **(Copy of GSTR-3B is enclosed)**. The taxpayer has also discharged Interest liability of Rs. 288000/- vide DRC03 ARN AD061023002975E dated 12.10.2023. Notice in DRC-01 has been issued to the taxpayer for the balance amount of Rs.204174/- and applicable interest to the tune of Rs. 213566/- **(copy of DRC-01 is enclosed)**.

It further submitted that the Audit has calculated interest @ 24% from 25.10.2017 to 31.03.2021 (1186 days). This interest rate as per Section 50(3) of CGST/SGST Act, 2017. This interest was to be applicable after Government notification. However, the Government has not notified this interest rate. Hence, applicable interest rate is @18% and therefore, interest has been calculated @18% in DRC-07. This resulted the difference between the interest amount calculated by the Audit.

Since appropriate action has been taken against taxpayer. Para may please be dropped.

#### **CAG Report 2020-21(TRAN-1)**

Para No. 2.11.8.3.1(a)-Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs.1870435/-

M/s A V Agritech Agro Machinery P. L.

Sr. No. as per CAG Report- 175

GSTIN-06AAFCA0838E1Z3,

Assessment Year- 2017-18

#### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return

relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/sA V AgritechAgro Machinery P. L.** Carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 1870435s/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
1050903	0	1050903	31.12.2017	31.03.2021	1186	819532	1870435

#### **Audit Reply**

In reply to the audit para, it is submitted that the firm is doing the business of Manufacturing & Trading of AGRICULTURAL, HORTICULTURAL OR FORESTRY MACHINERY in Gurugram, an original assessment for the Year 2017-18 were framed vide D.no 82/2017-18 vide order dated 12.03.2021 by creating an additional demand of Rs.10000/- under the HVAT Act 2003 & Rs.3431737/- under CST Act 1956. The assessment was framed ex-partyu/s 15(4) HVAT ACT 2003. In reply to the audit para, it is submitted that the dealer has excess carried forward of ITC in Tran-1 worth Rs.1050903/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/-.

#### **The audit Para is admitted and the firm is cancelled.**

It is further submitted that the audit has calculated the interest @24% in the audit objection, whereas the applicable rate of interest is @18% as per Section 50 of the HGST / CGST Act, 2017. (Copy of relevant provision under Section 50 is enclosed). Now, DRC-01 A issued to the Tax Payer on dated 16.2.2021 through E-mail for the recovery of the amount of Rs. 3152709/- including interest and penalty (**Copy of notice is enclosed**). No reply submitted by the dealer in this regard. Hence, show cause Notice in form DRC-01 issued to the taxpayer vide reference No. **ZD0610230037611** dated 06-10-2023 (Copy of DRC-01 Notice is enclosed).

Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has already been taken.

Hence, it is requested that the para may kindly be dropped.

Para No. 2.11.8.3.1(a)-Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs. 8863119/-

M/s Bansal Iron & Sheet Traders

Sr. No. as per CAG Report- 205

GSTIN-06AAAFB4323P1ZI,

Assessment Year- 2017-18

### Audit Objection

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s Bansal Iron & Sheet Traders** Carried forward excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 8863119/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
7500000	2520260	4979740	31.12.2017	31.03.2021	1186	3883379	8863119

### Audit Reply

In reply to the audit para, it is submitted that the firm deals in of Trading of Iron scrap in Gurugram, an original assessment for the Year 2017-18 were framed vide D. no. 522/2017-18 vide order dated 31.12.2019 by the then A.A allowed of ECF of Rs.3765228/- under the HVAT Act 2003 and an additional demand of Rs.1244968/- under CST Act 1956. The taxpayer submitted C-form for Rs.32850361/- and the A.A rectified the order under CST Act 1956 by creating an additional demand of Rs. 68846/-. The taxpayer reply claims the TRAN-1 amount of Rs.7500000/- Notice DRC-01 A was issued on 09.03.2022. The taxpayer has submitted the reply that there were some

rectification pending before the A.A in different years 2012-13 to 2017-18, Also, the taxpayer has submitted some manual C-forms in different A. Year 2012-13 to 2017-18, which were pending for verification and the memo were send for verification of C-forms to the concerned state.

**The Audit para is admitted. The taxpayer is functional and active.**

It is further submitted that the audit has calculated the interest @24% in the audit objection, whereas the applicable rate of interest is @18% as per Section 50 of the HGST / CGST Act, 2017. (Copy of relevant provision under Section 50 is enclosed).

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon-  
Rs. 1587838/-

M/s Deepak Trader

Sr. No. as per CAG Report- 203

GSTIN-06ACQPJ7128J1Z8

Assessment Year- 2017-18

**Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s Deepak Trader** Carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. **1587838/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
892126	0	892126	31.12.2017	31.03.2021	1186	695712	1587838

### **Audit Reply**

In reply to the audit para, it is submitted that the firm is doing the business of Trading of PAINTS AND VARNISHES in Gurugram. an original assessment for the Year 2017-18 were framed vide D.no 559/2017-18 vide order dated 03.01.2021. by creating an additional demand of Rs.57099/- under the HVAT Act 2003 & Rs. Nil/- under CST Act 1956. In reply to the audit para, it is submitted that the dealer has carried forward VAT Credit Worth Rs. 892126/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/-.

#### **The Audit para is admitted. The taxpayer is functional and active.**

It is further submitted that the audit has calculated the interest @24% in the audit objection, whereas the applicable rate of interest is @18% as per Section 50 of the HGST / CGST Act, 2017. (Copy of relevant provision under Section 50 is enclosed). Now DRC-01 A issued to the Dealer for the recovery of the amount including interest and penalty. **(Copy enclosed)**. No reply submitted by the dealer in this regard. Now show cause Notice in form DRC-01 issued to the taxpayer vide reference No.**ZD0610230037504** dated 06-10-2023 (Copy of DRC-01 Notice is enclosed).

Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has already been taken.

Hence, it is requested that the para may kindly be dropped.

#### **CAG Report 2020-21(TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon-  
Rs. 35209/-

M/s Grace Tyres

Sr. No. as per CAG Repor- 214

GSTIN-06BBMPD8751K1ZA,

Assessment Year- 2017-18

### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s Grace Tyres** Carried forward excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. **35209/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
90799	17017	19782	31.12.2017	31.03.2021	1186	15427	35209

### Audit Reply

In reply to the audit para, it is submitted that the firm is doing the business of wholesale & retails of RETREADED OR USED PNEUMATIC TYRES OF RUBBER, SOLID OR CUSHION TYRES in Gurugram, it is submitted that an original assessment for the Year 2017-18 was framed vide D.no 391/2017-18 vide order dated 18.12.2019 by the then A.A. and allowed the ECF of Rs.71017/- under the HVAT Act 2003 & Rs. Nil/- under CST Act 1956. The dealer has claimed the ITC in TRAN-1 of Rs.90799 Now show cause Notice in form DRC-01 issued to the taxpayer vide reference No. **ZD0610230037215** dated 06-10-2023 (Copy of DRC-01 Notice is enclosed). It is further submitted that the audit has calculated the interest @24% in the audit objection, whereas the applicable rate of interest is @18% as per Section 50 of the HGST / CGST Act, 2017. (Copy of relevant provision under Section 50 is enclosed).

Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has already been taken.

Hence, it is requested that the para may kindly be dropped.

### CAG Report 2020-21(TRAN-1)

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs. 607298/-

M/s IKE Electric Pvt. Ltd.

Sr. No. as per CAG Report- 217

GSTIN- 06AABAI0644J1ZW,

Assessment Year- 2017-18

### Audit Objection

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day,

furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s IKE Electric Pvt. Ltd.** Carriedforwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs.**607298/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
341210	0	341210	31.12.2017	31.03.2021	1186	266088	607298

#### Audit Reply

In reply to the audit para, it is submitted the dealer deal in trading of electrical and work contract. An original Assessment were framed for the A.Y 2017-18 vide D. No 252/2017-18 dated 12.12.2019 by the creating an additional demand of Rs.**1355716/-** under HVAT Act 2003 & Rs. **Nil** under CST Act 1956 (Copy enclosed). the dealer has claimed ECF ITC in TRAN -01 Rs. **341210/-** in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil.

#### **The Audit para is admitted. The taxpayer is functional and active.**

It is further submitted that the audit has calculated the interest @24% in the audit objection, whereas the applicable rate of interest is @18% as per Section 50 of the HGST / CGST Act, 2017. (Copy of relevant provision under Section 50 is enclosed). Now DRC-01 A issued to the Dealer for the recovery of the amount 1023630 including interest and penalty. (Copy enclosed).

In reply to this notice the dealer submitted that while framing the assessment for the A.Y 2017-18 the then A.A was not allowed the benefit of ECF for the P.Y 2016-17 Now the order for the A.Y 2016-17 has been rectified and ECF amount of Rs.254339/- vide order dated NIL(Copy enclosed)

Now the Original Assessment order for the A.Y 2017-18 has been rectified and allowed the Excess Carry Forward of Rs.254339/- for the A.Y 2016-17 along with benefit of TDS and Vol. Payment amount of Rs.1459396/-. Vide order dated Nil (Copy enclosed) Hence after rectification the order 2017-18 the ECF of Rs.358019/-under the HVAT Act,2003.



Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has already been taken.

Hence, it is requested that the para may kindly be dropped.

#### **CAG Report 2020-21(TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs. 327878/-

M/s J K Enterprises

Sr. No. as per CAG Report- 169

GSTIN- 06AAIFJ3254F1ZJ

Assessment Year- 2017-18

#### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s J K Enterprises** Carried forward excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 327878/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
615330	431112	184218	31.12.2017	31.03.2021	1186	143660	327878

#### **Audit Reply**

In reply to the audit para, it is submitted that the firm is doing the business of wholesale & retails of PEBBLES, GRAVEL, BROKEN OR CRUSHED STONE, OF A KIND COMMONLY USED FOR CONCRETE AGGREGATES, FOR ROAD METALLING

OR FOR RAILWAY in Gurugram, an original assessment for the Year 2017-18 were framed vide D.no 357/2017-18 vide order dated 23.12.2019 by the then A.A allowed of ECF of Rs.431112/- under the HVAT Act 2003 & Rs. Nil/- under CST Act 1956.

In reply to the audit para, it is submitted that the dealer has carried forward VAT Credit Worth Rs. 615330/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. 431112/-.

**The Audit para is admitted. The taxpayer is functional and active.**

It is further submitted that the audit has calculated the interest @24% in the audit objection, whereas the applicable rate of interest is @18% as per Section 50 of the HGST / CGST Act, 2017. (Copy of relevant provision under Section 50 is enclosed). Now DRC-01 A issued to the Dealer for the recovery of the amount including interest and penalty. (Copy enclosed).

Now show cause Notice in form DRC-01 issued to the taxpayer vide reference No. **ZD061023003753Y** dated 06-10-2023 (Copy of DRC-01 Notice is enclosed).

Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has already been taken.

Hence, it is requested that the para may kindly be dropped.

**CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs. 4718280/-

M/s Kailash International

Sr. No. as per CAG Report- 208

GSTIN- 06AAFFK0279G1ZG

Assessment Year- 2017-18

**Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s Kailash International** Carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18.

Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 4718280/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
2650964	0	2650964	31.12.2017	31.03.2021	1186	2067316	4718280

### Audit Reply

In reply to the audit para, it is submitted that the firm is doing the business of Trading in TELEPHONE SETS, INCLUDING TELEPHONES FOR CELLULAR NETWORKS OR FOR OTHER WIRELESS NETWORKS Gurugram, an original assessment for the Year 2017-18 were framed vide D.no 485/2017-18 vide order dated 30.12.2019 by creating an additional demand of Rs.217477/- under the HVAT Act 2003 & Rs. Nil/- under CST Act 1956.

In reply to the audit para, it is submitted that the dealer has carried forward VAT Credit Worth Rs. 2650964/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/-.

### The Audit para is admitted.

It is further submitted that the audit has calculated the interest @24% in the audit objection, whereas the applicable rate of interest is @18% as per Section 50 of the HGST / CGST Act, 2017. (Copy of relevant provision under Section 50 is enclosed). The amount of Rs.2650964/- has been recovered vide DRC-03 No. AA0603220098566 dated 21.03.2022. (Copy enclosed).

Now show cause Notice in form DRC-01 issued to the taxpayer vide reference No. **ZD061023006867K** dated 11-10-2023 (Copy of DRC-01 Notice is enclosed).

Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has already been taken.

Hence, it is requested that the para may kindly be dropped.

### CAG REPORT- 2020-21 (TRAN-1)

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs. 498354/-

M/s Pararmarth Eng.

Sr. No. as per CAG Report- 209

GSTIN- 06AAGCP1219B1Z0

Assessment Year- 2017-18

### Audit Objection

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this

electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s Pararmarth Eng.** Carriedforwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 498354/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
280000	0	280000	31.12.2017	31.03.2021	1186	218354	498354

#### Audit Reply

In reply to the audit para, it is submitted that the firm is doing the business of manufacturing in ELECTRICAL TRANSFORMERS, STATIC CONVERTERS in Gurugram, an original assessment for the Year 2017-18 were framed vide D.no. 468/2017-18 vide order dated 30.12.2019 by creating an additional demand of Rs.47262/- under the HVAT Act 2003 &Rs.Nil/- under CST Act 1956. In reply to the audit para, it is submitted that the dealer has carried forward VAT Credit Worth Rs. 280000/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/-.

**The Audit para is admitted. The taxpayer is functional and active.**

It is further submitted that the audit has calculated the interest @24% in the audit objection, whereas the applicable rate of interest is @18% as per Section 50 of the HGST / CGST Act, 2017. (Copy of relevant provision under Section 50 is enclosed). Now DRC-01 A issued to the Dealer for the recovery of the amount including interest and penalty. (Copy Enclosed). Now show cause Notice in form DRC-01 issued to the taxpayer vide reference No.**ZD061023003773W** dated 06-10-2023 (Copy of DRC-01 Notice is enclosed).

Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has already been taken.

Hence, it is requested that the para may kindly be dropped.

**CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon-  
Rs. 779646/-

M/s S V H Ind.

Sr. No. as per CAG Report- 168

GSTIN -06AFCPJ2645B1Z1

Assessment Year- 2017-18

**Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s S V H Ind.** Carried forward excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 779646/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
438044	0	438044	31.12.2017	31.03.2021	1186	341602	779646

**Audit Reply**

In reply to the audit para, it is submitted that the firm is doing the business of manufacturing in OTHER PAPER, PAPERBOARD, CELLULOSE WADDING AND WEBS OF CELLULOSE FIBRES, CUT TO SIZE OR SHAPE in Gurugram, , an original assessment for the Year 2017-18 were framed vide D.no 374/2017-18 vide order dated 13.12.2019 by creating an additional demand of Rs.NIL/- under the HVAT Act 2003 & Rs.109365/- under CST Act 1956. In reply to the audit para, it is submitted that the

dealer has carried forward VAT Credit Worth Rs. 438044/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/-.

**The Audit para is admitted. The taxpayer is functional and active.**

It is further submitted that the audit has calculated the interest @24% in the audit objection, whereas the applicable rate of interest is @18% as per Section 50 of the HGST / CGST Act, 2017. (Copy of relevant provision under Section 50 is enclosed). Now DRC-01 A issued to the Dealer for the recovery of the amount including interest and penalty. (Copy Enclosed). Now show cause Notice in form DRC-01 issued to the taxpayer.

Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has already been taken.

Hence, it is requested that the para may kindly be dropped.

**CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon-  
Rs. 2936696/-

M/s Srishti Distributors P. L.

Sr. No. as per CAG Report- 207

GSTIN - 06AAKCS9860P1ZD

Assessment Year- 2017-18

**Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s Srishti Distributors P. L.** Carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC.

Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 2936696/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
3070751	1420770	1649981	31.12.2017	31.03.2021	1186	1286714	2936696

#### **Audit Reply**

In reply to the audit para, it is submitted that the firm is doing the business of whole sale, mobile phone in Gurugram, an original assessment for the Year 2017-18 were framed vide D.no 482/2017-18 vide order dated 30.12.2019 by the then A.A allowed of ECF of Rs.1420770/- under the HVAT Act 2003 &Rs.Nil/- under CST Act 1956. In reply to the audit para, it is submitted that 3070751/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. 1420770/-.

#### **The Audit para is admitted. The taxpayer is functional and active.**

It is further submitted that the audit has calculated the interest @24% in the audit objection, whereas the applicable rate of interest is @18% as per Section 50 of the HGST / CGST Act, 2017. (Copy of relevant provision under Section 50 is enclosed). Now DRC-01 A issued to the Dealer for the recovery of the amount including interest and penalty on dated 09.03.2022 (Copy enclosed). Now show cause Notice in form DRC-01 issued to the taxpayer vide reference No.**ZD061023006769I** dated 11-10-2023 (Copy of DRC-01 Notice is enclosed).

Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has already been taken.

Hence, it is requested that the para may kindly be dropped.

Para No. 2.11.8.3.1(a) - Rs.8.15 Lakh

Carry Forward of Excess Transitional Credit of VAT and Interest thereon

M/s Ganesh Trading Co.

Sr. No. as per CAG Report - 172

GSTIN- 06ADVPV5600K1ZY

Assessment Year- 2017-18

#### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/sGanesh Trading Co.**carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs.815741/-**.

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
815741	0	815741	31.12.2017	31.03.2021	1186	636144	1451885

#### Audit Reply

In reply to Audit Memo, it is submitted that the firm is doing the business of trading of **PORTLAND CEMENT, ALUMINOUS CEMENT, SLAG CEMENT, SUPERSULPHATE CEMENT AND SIMILAR HYDRAULIC CEMENTS, IN COILS, NOT FURTHER WORKED THAN HOT-ROLLED, WITH PATTERNS IN RELIEF**at Gurugram. The Audit has pointed out that the dealer has carried forwarded excess amount of VAT credit of Rs.815741/- in Tran-I for his actual credit balance as per assessment order of the A/Y 2017-18. In this regard, it is submitted that that original assessment case for the year 2017-18 was framed by the then Assessing Authority vide D.No.99/2017-18 dated 22.03.2021 and as per this assessment order no excess carry forward under HVAT Act, 2003 was allowed and created an additional demand of Rs.1240307 under VAT Act, 2003and Rs.107357 under CST Act, 1956. **(Copy of assessment order for the year 2017-18 is enclosed).**

Verification in respect of Tran-1 statement is made which reveals that the dealer has claimed Transactional Credit of Rs.815741 in Tran-1 filed as per Column 2 of Table 5C.As per VAT R-2 return for the year 2017-18 the dealer has shown excess carry forward of Rs.673710. However, the dealer has claimed excess ITC of Rs.815741 under SGST Act, 2017 while migrating in to GST regime.

**The Audit Para is admitted and The status of taxpayer is cancelled.**

In this regard, it is submitted that the proceedings have been initiated against the taxpayer and Notice in form DRC-01A under Section 74 (5) of the SGST Act, 2017 was issued to the taxpayer. **(Copy of Notice is enclosed).** The taxpayer has not filed any reply in this regard and hence, Show Cause Notice in Form DRC-01 issued to the taxpayer vide Reference No. ZD060623012416Q dated 20-06-2023 **(Copy of Notice is enclosed).** The taxpayer has not filed any reply in this regard. However, last and final notice along with opportunity of personal hearing have been given to the taxpayer on 22.11.2023 for 29.11.2023 **(Copy of Notice is enclosed).**It is further submitted that the Audit has calculated interest @ 24%. This interest rate is as per Section 50(3) of the



CGST/SGST Act, 2017. This interest was to be applicable after Govt. Notification. However, the Govt. has not notified this interest rate. Hence, applicable interest rate is @18%. Since, necessary action for protection of Govt. Revenue has already been taken. Hence, the para may kindly be dropped.

#### **CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon-  
Rs.3604434/-

M/s Chanda Pack.

Sr. No. as per CAG Report: 240

GSTIN-06AAECC7781P1ZZ

Assessment Year- 2017-18

#### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that M/s **Chanda Pack**.

carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. **3604434/-**.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
2025150	0	2025150	27-12-2017	31-03-2021	1190	1584611	3609761

#### **Audit Reply**

In reply to Audit Memo, it is submitted that the firm is doing the business of wholesale business of boxes, cases, bags and other packing containers, of paper,

paperboard, cellulose wadding or webs of cellulose fibres; box files, letter trays, and similar articles, of paper or paperboard of a kind used in offices, shops or the like-folding cartons, boxes and cases, of non-corrugated paper and paperboard: boxes at Gurugram. In reply to the audit para, it is submitted that the dealer has carried forward VAT Credit Worth Rs. 2025150/- in his electronic credit ledger as per the provision of Section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/-. Hence, taxpayer has claimed excess ITC of Rs. 2025150/- in Tran-1.

**The Audit Para is partially admitted and the taxpayer is cancelled wef. 31.01.2021.** It is pertinent to mention that the audit party has wrongly calculated interest @ 24% u/s 50(3) of HGST Act, 2017, which is not implemented till date and the effective rate of interest is @ 18% u/s 50(1) of HGST Act, 2017.

Further, DRC-01 dated 07.09.2023 (copy enclosed) u/s 74 of HGST Act, 2017 has been issued for recovery of excess claimed ITC through TRAN-1.

Therefore, the necessary action as required under HGST Act, 2017 for protection of Government Revenue has been taken, hence, the para may please be dropped.

#### **CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs.128473/-

M/s Divine Kitchenwares

Sr. No. as per CAG Report : 228

GSTIN-06AWWPG1096Q1ZN

Assessment Year- 2017-18

#### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that M/s **Divine Kitchenwares** carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18.

Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. **128473/-**.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
72182	0	72182	23-08-2017	31-03-2021	1316	62461	134643

#### **Audit Reply**

In reply to Audit Memo, it is submitted that the firm is doing the business of retail business of table, kitchen or other household articles and parts thereof, of aluminium; pot scorers and scouring or polishing pads, gloves and the like, of aluminium; sanitary ware and parts thereof, of aluminium- sanitary ware and parts thereof at Gurugram. In reply to the audit para, it is submitted that the dealer has carried forward VAT Credit Worth Rs. 72182/- in his electronic credit ledger as per the provision of Section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/-. Hence, taxpayer has claimed excess ITC of Rs. 72182/- in Tran-1.

**The Audit Para is partially admitted and the taxpayer is found functional active.** It is pertinent to mention that the audit party has wrongly calculated interest @ 24% u/s 50(3) of HGST Act, 2017, which is not implemented till date and the effective rate of interest is @ 18% u/s 50(1) of HGST Act, 2017.

Further, DRC-01 dated 10.09.2023 (copy enclosed) u/s 74 of HGST Act, 2017 has been issued for recovery of excess claimed ITC through TRAN-1.

Therefore, the necessary action as required under HGST Act, 2017 for protection of Government Revenue has been taken, hence, the para may please be dropped.

#### **CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs.5051046/-

M/s Dream Home Infrastructure Pvt. Ltd.

Sr. No. as per CAG Report : 186

GSTIN-06AADCD7564Q1Z0

Assessment Year- 2017-18

#### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that M/s **Dream Home Infrastructure Pvt. Ltd.**

carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 5051046/-**.

.	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
2837928	0	2837928	27-12-2017	31-03-2021	1190	2220582	5058510

#### Audit Reply

In reply to Audit Memo, it is submitted that the firm is doing the business of works contract of special services provided by builders at Gurugram. In reply to the audit para, it is submitted that the dealer has carried forward VAT Credit Worth Rs. 2837928/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/-. Hence, taxpayer has claimed excess ITC of Rs. 2837928/- in Tran-1.

**The Audit Para is partially admitted and the taxpayer is found functional active.** It is pertinent to mention that the audit party has wrongly calculated interest @ 24% u/s 50(3) of HGST Act, 2017, which is not implemented till date and the effective rate of interest is @ 18% u/s 50(1) of HGST Act, 2017.

The tax payer reversed ITC amounting to Rs.2837928/- SGST related to TRAN-1 vide DRC-03 dated-03.07.2023 ARN-AD060723000358B and paid interest amounting to Rs.1362970/- vide DRC-03 dated-23.09.2023 ARN-AD060923006972Z. Further On perusal of interest deposited by the taxpayer, it is observed that the taxpayer claimed ITC Credit amounting to Rs.2837928/- through Tran-1 on 12.12.2017 and the taxpayer utilized full credit on 22.01.2018. Therefore, the interest under Section 50 of SGST Act, 2017 is calculated to be Rs.2181979/-, whereas the taxpayer paid Rs.1362970/- i.e. the taxpayer paid short interest amounting to Rs.874958/-, for which notice DRC-01 dated 28.09.2023 issued to the taxpayer.

Therefore, the necessary action as required under HGST Act, 2017 for protection of Government Revenue has been taken, hence, the para may please be dropped.

**CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon-  
Rs.445226/-

M/s Golden Ent.

Sr. No. as per CAG Report : 235

GSTIN-06BSDPD7561B1Z5

Assessment Year- 2017-18

**Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that M/s **Golden Ent.**

carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. **445226/-**.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
250150	0	250150	27-12-2017	31-03-2021	1190	195734	445884

**Audit Reply**

In reply to Audit Memo, it is submitted that the firm is doing the business of manufacturing of other machinery for making up paper pulp, paper or paperboard, including cutting machines of all kinds - cutting machines: paper cutting machines, excluding machines with devices such as automatic programme cutting or three knife trimmers at Gurugram. In reply to the audit para, it is submitted that the dealer has

carried forward VAT Credit Worth Rs. 250150/- in his electronic credit ledger as per the provision of Section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/-. Hence, taxpayer has claimed excess ITC of Rs. 250150/- in Tran-1.

**The Audit Para is partially admitted and the taxpayer is cancelled wef. 03.01.2023.** It is pertinent to mention that the audit party has wrongly calculated interest @ 24% u/s 50(3) of HGST Act, 2017, which is not implemented till date and the effective rate of interest is @ 18% u/s 50(1) of HGST Act, 2017.

Further, DRC-01 dated 10.09.2023 (copy enclosed) u/s 74 of HGST Act, 2017 has been issued for recovery of excess claimed ITC through TRAN-1.

Therefore, the necessary action as required under HGST Act, 2017 for protection of Government Revenue has been taken, hence, the para may please be dropped.

#### **CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs. 1678129/-

M/s K J Electronics

Sr. No. as per CAG Report : 226

GSTIN-06ABDPC1723C1ZK

Assessment Year- 2017-18

#### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that M/s **K J Electronics** carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has

been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. **1678129/-**.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
942856	0	942856	26-10-2017	31-03-2021	1252	776190	1719046

### Audit Reply

In reply to Audit Memo, it is submitted that the firm is doing the business of retail business of machines for assembling electric or electronic lamps, tubes or valves or flash-bulbs, in glass envelopes; machines or manufacturing or hot working glass or glassware machines for assembling electric or electronic lamps, tubes or valves or flash-bulbs, in glass envelopes at Gurugram. In reply to the audit para, it is submitted that the dealer has carried forward VAT Credit Worth Rs. 942856/- in his electronic credit ledger as per the provision of Section 140 (1) of HGST Act, 2017. The Audit has pointed out that the eligible claim of ITC was Rs. Nil/-. Hence, taxpayer has claimed excess ITC of Rs. 942856/- in Tran-1.

**The Audit Para is partially admitted and the taxpayer is cancelled wef. 31.3.22.** It is pertinent to mention that the audit party has wrongly calculated interest @ 24% u/s 50(3) of HGST Act, 2017, which is not implemented till date and the effective rate of interest is @ 18% u/s 50(1) of HGST Act, 2017.

Further, DRC-01 dated 10.09.2023 (copy enclosed) u/s 74 of HGST Act, 2017 has been issued for recovery of excess claimed ITC through TRAN-1.

Therefore, the necessary action as required under HGST Act, 2017 for protection of Government Revenue has been taken, hence, the para may please be dropped.

### CAG REPORT- 2020-21 (TRAN-1)

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs.22774730/-

M/s Magic Eye Developers P.L.

Sr. No. as per CAG Report: 185

GSTIN-06AAFCM0624E1ZZ

Assessment Year- 2017-18

### Audit Objection

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that M/s **Magic Eye Developers P.L.** carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. **22774730/-**.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
12795974	0	12795974	26-12-2017	31-03-2021	1191	10020825	22816799

#### Audit Reply

In reply to Audit Memo, it is submitted that the firm is doing the business of works contract of renting of immovable property services at Gurugram. In reply to the audit para, it is submitted that the dealer has carried forward VAT Credit Worth Rs. 12795974/- in his electronic credit ledger as per the provision of Section 140 (1) of HGST Act, 2017. The Audit has pointed out that the eligible claim of ITC was Rs. Nil/-. Hence, taxpayer has claimed excess ITC of Rs. 12795974/- in Tran-1.

**The Audit Para is partially admitted and the taxpayer is found functional & active.** It is pertinent to mention that the audit party has wrongly calculated interest @ 24% u/s 50(3) of HGST Act, 2017, which is not implemented till date and the effective rate of interest is @ 18% u/s 50(1) of HGST Act, 2017.

Further, DRC-01 dated 19.09.2023 (copy enclosed) u/s 74 of HGST Act, 2017 has been issued for recovery of excess claimed ITC through TRAN-1.

Therefore, the necessary action as required under HGST Act, 2017 for protection of Government Revenue has been taken, hence, the para may please be dropped.

#### CAG REPORT- 2020-21 (TRAN-1)

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs. 5268420/-

M/s MTC Business Pvt. Ltd.

Sr. No. as per CAG Report : 180

GSTIN-06AACCM4795M1ZX

Assessment Year- 2017-18



### Audit Objection

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that M/s **MTC Business Pvt. Ltd.** carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs.5268420/-**.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
6483168	3523108	2960060	27-12-2017	31-03-2021	1190	2316146	5276206

### Audit Reply

In reply to Audit Memo, it is submitted that the firm is doing the business of wholesale business of ferrous waste and scrap; remelting scrap ingots of iron or steel - other waste and scrap: other at Gurugram. In reply to the audit para, it is submitted that the dealer has carried forward VAT Credit Worth Rs. 6483168/- in his electronic credit ledger as per the provision of Section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. 3523108/-. Hence, taxpayer has claimed excess ITC of Rs. 2960060/- in Tran-1.

The Audit Para is **partially** admitted and the taxpayer is found functional & active. It is pertinent to mention that the audit party has wrongly calculated interest @ 24% u/s 50(3) of HGST Act, 2017, which is not implemented till date and the effective rate of interest is @ 18% u/s 50(1) of HGST Act, 2017.

Further, DRC-01 dated 16.09.2023 (copy enclosed) u/s 74 of HGST Act, 2017 has been issued for recovery of excess claimed ITC through TRAN-1.

Therefore, the necessary action as required under HGST Act, 2017 for protection of Government Revenue has been taken, hence, the para may please be dropped. ETO-cum-Proper Officer

**CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon-  
Rs.4920644/-

M/s Proactive Constructions P. L.

Sr. No. as per CAG Report: 190

GSTIN-06AAHCP6085G1Z7

Assessment Year- 2017-18

**Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/sProactive Constructions P.L.**carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. **4920644/-**.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
12195058	9430396	2764662	26-12-2017	31-03-2021	1191	2165071	4929733

**Audit Reply**

In reply to Audit Memo, it is submitted that the firm is doing the business of works contract of refractory cements, mortars, concretes and similar compositions, including dolomite ramming mix, other than products of heading 3801 at Gurugram. In reply to the audit para, it is submitted that the dealer has carried forward VAT Credit Worth Rs. 12195098/- in his electronic credit ledger as per the provision of Section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. 9430396/-. Hence, taxpayer has claimed excess ITC of Rs. 2764662/- in Tran-1.

**The Audit Para is partially admitted and the taxpayer is found functional & active.** It is pertinent to mention that the audit party has wrongly calculated interest @ 24% u/s 50(3) of HGST Act, 2017, which is not implemented till date and the effective rate of interest is @ 18% u/s 50(1) of HGST Act, 2017.

Further, DRC-01 dated 12.09.2023 (copy enclosed) u/s 74 of HGST Act, 2017 has been issued for recovery of excess claimed ITC through TRAN-1.

Therefore, the necessary action as required under HGST Act, 2017 for protection of Government Revenue has been taken, hence, the para may please be dropped.

#### **CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon-  
Rs.155465/-

M/s The Himachal Tools

Sr. No. as per CAG Report : 213

GSTIN-06AQXPR0709G1ZI

Assessment Year- 2017-18

#### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that M/s **The Himachal Tools** carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. **155465/-**.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1668510	1581162	87348	19-12-2017	31-03-2021	1198	68806	156154

### Audit Reply

In reply to Audit Memo, it is submitted that the firm is doing the business of manufacturing of tools for working in the hand, pneumatic, hydraulic or with self-contained electric or non-electric motor - pneumatic - rotary type (including combined rotary percussion): drills at Gurugram. In reply to the audit para, it is submitted that the dealer has carried forward VAT Credit Worth Rs. 1668510/- in his electronic credit ledger as per the provision of Section 140 (1) of HGST Act, 2017. The Audit has pointed out that the eligible claim of ITC was Rs. 1581162/- Hence, taxpayer has claimed excess ITC of Rs. 87348/- in Tran-1.

**The Audit Para is partially admitted and the taxpayer is found functional & active.** It is pertinent to mention that the audit party has wrongly calculated interest @ 24% u/s 50(3) of HGST Act, 2017, which is not implemented till date and the effective rate of interest is @ 18% u/s 50(1) of HGST Act, 2017.

Further, DRC-01 dated 15.09.2023 (copy enclosed) u/s 74 of HGST Act, 2017 has been issued for recovery of excess claimed ITC through TRAN-1.

Therefore, the necessary action as required under HGST Act, 2017 for protection of Government Revenue has been taken, hence, the para may please be dropped.

### CAG REPORT- 2020-21 (TRAN-1)

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs. 904503

M/s RMD Industrial Solution

Sr. No. as per CAG report-183

GSTIN-06BEFPC0798P1Z3

Assessment Year- 2017-18

### Audit Objection

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that M/s RMD Industrial Solution carried forwarded excess

amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. 904503

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
502760	13194	489566	19-09-2017	31-03-2021	1289	414937	904503

### Audit Reply

In reply to the audit para, it is submitted that the dealer is engaged in Retail business of plates, sticks, tips and the like for tools, unmounted, of cermets. The dealer has carried forward VAT Credit Worth Rs. 502760/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. 13194/- Hence, the taxpayer has claimed ITC of Rs. 489566.

DRC-01 A issued to the Dealer for the recovery of the amount of Rs. 1028088/- including interest and penalty. Now the Taxpayer has shifted their Principle Place of business from Ward No. 07, Gurugram (ST)(North) to Ward No. 08, Gurugram (ST)(East) and same intimated to DETC Gurugram (East) for further necessary action. Copy of letter is enclosed.

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs. 10999903/-

M/s Lasco Rubber Ind.

Sr. No. as per CAG Report- 198

GSTIN-06AAAFL4533D1ZT

Assessment Year- 2017-18

### Audit Objection

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s Lasco Rubber Ind.** carried forwarded excess amount of

VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. **10999903/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
6143975	0	6143975	15.12.2017	31.03.2021	1202	4855928	10999903

### Audit Reply

In reply to the audit para, it is submitted that the firm is doing the business of manufacturing of synthetic rubber and factice derived from oils, in primary forms or in plates, sheets or strip at Gurugram. It is submitted that the dealer has carried forward VAT Credit Worth Rs. 6143975/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/-.

The audit para is partly admitted as the audit has calculated interest @ 24% whereas interest u/s 50 (3) of HGST/CGST Act, 2017 is calculated at the rate of 18%. The taxpayer is functional and active.

As per original assessment order of 2017-18 vide D. No. 565 dated 14.01.2020, the Assessing Authority has allowed an excess C/F of Rs.3684351/- under the HVAT Act, 2003 & created additional demand of Rs.4708038/- under the CST Act, 1956. **(Copy of assessment order is enclosed)**. This order was again rectified on dated 06.05.2021 and demand under CST Act was reduced to Rs.51514/- & allowing the benefit of manual C forms already submitted at the time of original assessment. After consideration of the excess carry forward which was allowed to the dealer at the time of original assessment and the C/f in rectified order dated 06.05.2021 the excess claimed Tran-1 comes to Rs. 2511138/-. Notice in Form ASMT-10 had been issued to the taxpayer for the amount of Rs.2511138/- and applicable interest. (Copy of Notice is enclosed). In reply to the ASMT-10, taxpayer has attached rectified order of 2017-18 in which C/F benefit of Rs.4881408/- has been allowed (rectification order is enclosed & taxpayer has already deposited amount of Rs.959352/- through DRC-03 dt.27.11.2020 (DRC-03 is enclosed). DRC-01 has been issued to the taxpayer for Rs.354728/- & interest amount of Rs.892037/-(DRC-01 is enclosed). Reminder -1 issued to the taxpayer vide reference no. ZD061123005572Y dated 08.11.2023 (Copy enclosed).

Since the necessary action for the protection of Govt. revenue has been taken, it is requested that the para may please be dropped.

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs. 1175089/-

M/s Max on Rubber Products

Sr. No. as per CAG Report - 231

GSTIN-06ABVPK1902B2ZY

Assessment Year- 2017-18

### Audit Objection

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s Max on Rubber Products** carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 1175089/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
659006	0	659006	26.12.2017	31.03.2021	1191	516083	1175089

### Audit Reply

In reply to the audit para, it is submitted that the firm is doing the business of manufacturing of other articles of plastics and articles of other materials at Gurugram. It is submitted that the dealer has carried forward VAT Credit Worth Rs. 659006/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/-. Hence, the taxpayer has claimed excess ITC of Rs. 659006/- in TRAN-1.

The audit para is partly admitted as the audit has calculated interest @ 24% whereas interest u/s 50 (3) of HGST/CGST Act, 2017 is calculated at the rate of 18%. The taxpayer is functional and active.

Notice in Form GST DRC-01 has been issued to the taxpayer for the amount of Rs.659006/- and applicable interest. **(Copy of DRC-01 is enclosed)**. Reminder -1 issued to the taxpayer vide reference no. ZD0611230056106 dated 08.11.2023(Copy enclosed).

Since the necessary action for the protection of Govt. revenue has been taken, it is requested that the para may please be dropped.

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon-  
Rs. 2974952/-

M/s Value Point Systems

Sr. No. as per CAG Report- 243

GSTIN-06AAACV4796R1ZF

Assessment Year- 2017-18

#### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/sValue PointSystems** carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 2974952/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
1594879	0	1594879	23.08.2017	31.03.2021	1316	1380073	2974952

#### **Audit Reply**

In reply to the audit para, it is submitted that the firm is doing the business trading of automatic data processing machines and units thereof; magnetic or optical readers at gurugram. It is submitted that the dealer has carried forward VAT Credit Worth Rs. 1594879/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/-. Hence, the taxpayer has claimed excess ITC of Rs. 1594879/- in TRAN-1.



The audit para is partly admitted as the audit has calculated interest @ 24% whereas interest u/s 50 (3) of HGST/CGST Act, 2017 is calculated at the rate of 18%. The taxpayer is functional and active.

Notice in Form GST DRC-01 u/s 73 is issued to the dealer for the amount of Rs.1549879 alongwith applicable interest. **(Copy of DRC-01 is enclosed)**.Reminder -1 issued to the taxpayer vide reference no. ZD061123005642Z dated 08.11.2023(Copy enclosed).

Since the necessary action for the protection of Govt. revenue has been taken, it is requested that the para may please be dropped.

ETO-cum-Proper Officer

Ward-11, Gurugram (North)

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon-  
Rs. 3802217/-

M/sVee Gee Faucets P.L.

Sr. No. as per CAG Report - 236

GSTIN-06AAACV3143N1Z8

Assessment Year- 2017-18

#### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/sVee Gee Faucets P.L.** carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs3802217/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
21333122	0	21333122	27.12.2017	31.03.2021	1190	1669095	3802217

### Audit Reply

In reply to the audit para, it is submitted that the firm is doing the business manufacturing of **copper waste and scrap, taps, cocks, valves and similar appliances for pipes, boiler shells, tanks** at gurugram. It is submitted that the dealer has carried forward VAT Credit Worth Rs. 2133122/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/-. Hence, the taxpayer has claimed excess ITC of Rs. 2133122/- in TRAN-1.

**The audit para is partly admitted as the audit has calculated interest @ 24% whereas interest u/s 50 (3) of HGST/CGST Act, 2017 is calculated at the rate of 18%. The taxpayer is functional and active.**

The taxpayer has reversed 1066561/- in GSTR-3B of April-2019. **(Copy of GSTR-3B is enclosed).**

Notice in Form GST DRC-01 has been issued to the taxpayer for Rs.1066559/- alongwith applicable interest. **(Copy of DRC-01 is enclosed).** Reminder -1 issued to the taxpayer vide reference no. ZD061123005562Z dated 08.11.2023(Copy enclosed).

Since the necessary action for the protection of Govt. revenue has been taken, it is requested that the para may please be dropped.

### CAG REPORT- 2020-21 (TRAN-1)

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs. 53343/-

M/s Classic Furniture

Sr. No. as per CAG Report 211

GSTIN-06ADAPV8644A1ZM

Assessment Year- 2017-18

### Audit Objection

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that M/sClassic Furniture carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual

entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs53343/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
160986	131015	29971	25-12-2017	31-03-2021	1192	23491	53462

#### **Audit Reply**

In reply to Audit Para, it is submitted that the firm is doing the business of Manufacturing of Wooden Furniture at Gurugram.

The assessment case for the year 2017-18 was assessed under Section 15(3) of the HVAT Act, 2003 and CST Act, 1956 by the then Assessing Authority vide D. No.639/2017-18 dated **19.12.2019** and as per this assessment order an excess carry forward of Rs.131015/- under HVAT Act, 2003 and an additional demand of Rs. NIL/- under CST Act, 1956 was created. As per Tran-1 statement of the dealer the dealer has claimed Transactional Credit of Rs.160986/-. The dealer has claimed actual excess ITC of Rs. Rs.29971/-(Rs.160986 – Rs.131015) under SGST Act, 2017 while migrating in to GST regime as per assessment order.

In reply to Audit Para, it is submitted that the Recovery proceedings has been initiated against the dealer and a notice in form DRC-01 A has been issued to the dealer.

Now DCR-01 has issued to the Taxpayer. (**Copy of Notice is enclosed**)

The taxpayer has submitted reply in form DRC-06 vide ARN-ZD060623015171XDated:-25/06/2023.

#### **CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs. 836860

M/s Engee Gas Agency

Sr. No. as per CEG Report 227

GSTIN- 06ABHPG3844J1ZN

Assessment Year- 2017-18

#### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest

on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s** Engee Gas Agency carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 836860**.

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
479344	26390	452954	19-09-2017	31-03-2021	1289	383906	836860

#### **Audit Reply**

In reply to the audit para, it is submitted that the dealer is engaged in wholesale business of hydrogen rare gases and other non-metals. The dealer has carried forward VAT Credit Worth Rs. 479344/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. 26390/-. Hence, the taxpayer has claimed Excess ITC of Rs.452954 in Tran-1.

#### **The audit para is admitted. The firm is functional & active.**

Proceeding initiated against the taxpayers. DRC-01 A has already been issued to the Taxpayer to recover the outstanding amount alongwith interest and penalty.

Now DCR-01 has issued to the Taxpayer. (**Copy of Notice is enclosed**). The taxpayer has submitted the reply that no such ITC was carried forward in TRAN-1 of M/s Engee Gas Agency. The ITC of Rs. 4,79,344/- was carried forward in TRAN-1 in respect of M/s Emgee Industrial Feeders (**Copy enclosed**). It is further submitted that M/s Engee Gas Agency (TIN-06091919972) and M/s Emgee Industrial Feeders (TIN-06841915534) are sister concerns. The Audit has taken the figure of M/s Emgee Industrial Feeders and mentioned the name of other firm in the Audit Objection.

#### **CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs. 871415/-

M/s ASR Elevators

Sr. No. as per CAG report 229

GSTIN-06AQCPK1354P1ZO

Assessment Year- 2017-18

### Audit Objection

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/sASR Elevators** carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 871415/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
489604	0	489604	26-12-2017	31-03-2021	1191	383420	873024

### Audit Reply

In reply to Audit Para, it is submitted that the firm is doing the business of Manufacturing of Spare Parts of all types of lifts at Gurugram.

The assessment case for the year 2017-18 was assessed under Section 15(3) of the HVAT Act, 2003 and CST Act, 1956 by the then Assessing Authority vide D. No.23/2017-18 dated **02.03.2021** and as per this assessment order an created additional demand OF Rs. Nil under HVAT Act, 2003 and of Rs.746730/- under CST Act, 1956 was created. As per Tran-1 statement of the dealer the dealer has claimed Transactional Credit of Rs. 489604/-.

In reply to Audit Para, it is submitted that the Recovery proceedings has been initiated against the dealer and a notice in form DRC-01 A has been issued to the dealer.

Now DCR-01 has issued to the Taxpayer. **(Copy of Notice is enclosed)**

The taxpayer has submitted reply in form DRC-06 vide ARN-ZD06070723007341U Dated:-14/07/2023.

**CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon-  
Rs. 10895769/-

M/s Napin Impex Pvt. Ltd

Sr. No. as per CAG Report: 232

GSTIN-06AAECM4799F1Z6

Assessment Year- 2017-18

**Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that M/s **NapinImpex Pvt. Ltd**

carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. **10895769/-**.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
6121784	0	6121784	31-08-2017	31-03-2021	1308	5265070	11386854

**Audit Reply**

In reply to Audit Memo, it is submitted that the taxpayer is cancelled and is doing the business of Wholesale Business, Retail Business polymers of vinyl chloride or of other halogenated olefins, in primary forms - other poly (vinyl chloride): non – plasticised: poly (vinyl chloride) resins at Gurgaon. In reply to the audit para, it is submitted that the dealer has carried forward VAT Credit Worth Rs. 6121784/- in his electronic credit ledger as per the provision of Section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/- and as per Audit Para, the taxpayer has claimed excess ITC of Rs. 6121784/- in Tran-1

**The Audit Para is partially admitted and the taxpayer is found cancelled w.e.f. 02-09-2020.** It is pertinent to mention that the audit party has wrongly calculated interest @ 24% u/s 50(3) of HGST Act, 2017, which is not implemented till date and the effective rate of interest is @ 18% u/s 50(1) of HGST Act, 2017.

DRC-01 dated 14.09.2023 (copy enclosed) u/s 74 of HGST Act, 2017 has been issued for recovery of excess claimed ITC through TRAN-1.

Therefore, the necessary action as required under HGST Act, 2017 for protection of Government Revenue has been taken, hence, the para may please be dropped.

#### **CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs.111423/-

M/s Mukesha Auto Ind.

Sr. No. as per CAG Report 239

GSTIN-06ABAPS9399B1ZD

Assessment Year- 2017-18

#### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/sMukesha Auto Ind.**

carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 111423/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
62603	0	62603	27-12-2017	31-03-2021	1190	48985	111588

### **Audit Reply**

In reply to Audit Para, it is submitted that the firm is doing the business of manufacturing of Industrial Sheets and all type of Plastic Goods at Gurugram.

The assessment case for the year 2017-18 was assessed under Section 15(1) of the HVAT Act, 2003 and CST Act, 1956 by the then Assessing Authority vide D. No.190/2017-18 dated **14.08.2019** and as per this assessment order an demand of Rs. Nil under HVAT Act, 2003 and additional demand of Rs.20294/- under CST Act, 1956 was created. As per Tran-1 statement of the dealer the dealer has claimed Transactional Credit of Rs.62603/-.

In reply to Audit Para, it is submitted that the Recovery proceedings has been initiated against the dealer and a notice in form DRC-01 A has been issued to the dealer.

Now DCR-01 has issued to the Taxpayer. (**Copy of Notice is enclosed**)

The taxpayer has submitted reply in form DRC-06 vide ARN-ZD060823018229D Dated:-25/08/02023.

### **CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs.18909/-

M/s Radix Eng.

Sr. No. as per CAG Report 242

GSTIN-06AUIPM8374P1ZQ

Assessment Year- 2017-18

### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s Radix Eng.**

carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in



excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 18909/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
447924	437300	10624	26-09-2017	31-03-2021	1282	8956	19580

#### **Audit Reply**

In reply to Audit Para, it is submitted that the firm is doing the business of Mfg. of any other commodity which was not covered under any entry.

The assessment case for the year 2017-18 was assessed under Section 15(3) of the HVAT Act, 2003 and CST Act, 1956 by the then Assessing Authority vide D. No.116/2017-18 dated **05.07.2019** and as per this assessment order an excess carry forward of Rs.437300/- under HVAT Act, 2003 and an of Rs. Nil/- under CST Act, 1956 was created. As per Tran-1 statement of the dealer the dealer has claimed Transactional Credit of Rs. 447924/-. The dealer has claimed actual excess ITC of Rs.10624/-(Rs.447924 – Rs.437300) under SGST Act, 2017 while migrating in to GST regime as per assessment order.

In reply to Audit Para, it is submitted that the Recovery proceedings has been initiated against the dealer and a notice in form DRC-01 A has been issued to the dealer.

Now DCR-01 has issued to the Taxpayer. (**Copy of Notice is enclosed**)

The taxpayer has submitted reply in form DRC-06 vide ARN-ZD060723007321W, Dated:-14/07/2023.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 CAG Sr.No. : 253  
 Name of the Firm : MEATL INNOVATION (Faridabad East)  
 GSTIN : 06ADEPT9672J1ZV  
 Assessment Year : 2017-18

#### **Audit Objection**

As per the provisions of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner, as may be prescribed. Provided that the registered person shall not be allowed to take Input Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section 10 of section 42 or undue or excess reduction in output tax liability under sub-section 10 of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be

at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1.

Sr No	Name of Firm	GSTIN No.	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1	MEATL INNOVATION	06ADEPT9672J1ZV	1286869	1023592	260277	20-12-17	31-03-21	1197	204856	465133

#### Reply of Para

It is submitted that the objection raised by Audit in case of M/s Metal Innovations, Faridabad GSTIN- 06ADEPT9672J1ZV has been examined by the Assessing Authority. Audit Para raised by the audit party is admitted .The dealer is engaged in the business of manufacturing of Knives and cutting blades for machines etc. The taxpayer is active in GST , as of now, the dealer is exiting, functional and doing business at the address premises as mentioned on the GST Portal..

As per assessment order of 2017-18 tax due was Rs. 260277. The order was rectified on the basis of 'C' form vide AA order dated 14.07.2023(copy enclosed).After rectification tax due has been reduced to Rs. 184952. DRC-07A was issued to the dealer dated 24.03.2023. No credit is available in the electronic credit ledger of the dealer. Intimation notice to the tax payer in the form of DRC-01A has been issued on date 28.07.2023. Copy of DRC-01A has been enclosed for you reference. Show Cause Notice to the taxpayer in the form of DRC-01 was issued on date 16.10.2023. Copy of DRC-01 has been enclosed. This show cause was issued for interest amount only. Separate show cause in the form of DRC-01 has been issued u/s 73 proposing 10% penalty of the tax amount on dated 18.10.2023. In short DRC-01 of Tax Rs. 1,84,925/-, Interest Rs. 1,84,925/- , Penalty Rs. 18,492/- has been issued on dated 16.10.2023 and 18.10.2023. Presently no DRC-03 has been filed by the taxpayer.

Enclosures: - Rectification order dated :14.07.2023, DRC-07A ReferenceNo. ZD06032301554M dated : 24.03.2023

DRC-01A ReferenceNo. ZD060723014576E dated:28.07.2023

DRC-01 ReferenceNo. ZD061023009816O dated:16.10.2023

DRC-01 ReferenceNo. ZD061023011619S dated:18.10.2023

Para No. : 2.11.8.3.1 (a)  
 Sr.No. as per CAG Report : 273  
 Name of Firm: : M/s MEHAR STEEL PVT LTD. Faridabad (West)  
 GSTN : 06ACQPS8886A1ZZ  
 A.Y. : 2017-18

#### Audit Objection

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to

the period ending with the day immediately preceding the appointed day furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50 (3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case file of the under mentioned dealers it was noticed that dealer carried forward excess amount of VAT in his Tran-1: -

Allowing excess carried forward of ITC in Tran-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which was partially used by the dealers.

Name of dealer	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total balance
M/s MEHAR STEEL PVT LTD. GSTIN-6AAGCM8106L1ZA	1400600	0	1400600	26-10-2017	31-03-2021	1252	1153020	2553620

#### Reply of Para

In response to the audit objection raised by the audit party, it is submitted that taxpayer has wrongly claim ITC of Rs. 1400600/- in TRAN-1 and liable to pay this interest. The taxpayer has claimed excess amount of TRAN-1 of Rs. 1400600/- which was not allowed by the then Assessing Authority as a result recovery proceedings initiated against the taxpayer. A notice in form DRC-01 was raised to the taxpayer on dated 05.09.2022 vide Reference No.ZD060922001425Q. Further, order for recovery has been issued in form DRC-07.

As all the steps to safeguard Govt. Revenue have been taken, it is requested to please settle the para.

#### CAG Report 2020-21

Para No. : 2.11.8.3.1(a)  
 Sr. no. as per CAG Report : 286  
 Name of Firm : M/s Fuel Save systems and Device Pvt Ltd  
 GSTN : 06AACCF1502H1Z8  
 A.Y. : 2017-18

#### Audit Objection

##### Carry Forward of Excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and

non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Name of dealer	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total balance
M/S Fuel Save systems and Device Pvt. Ltd., GSTIN-06AACCF1502H1Z8	3592246	882077	2710169	12/26/2017	3/31/2021	1191	2122396	4832565

### Reply

It is submitted that the objection raised by Audit in case of M/s Fuel Save systems and Device Pvt Ltd, Faridabad, GSTIN 06AACCF1502H1Z8 has been examined by the Assessing Authority. The dealer is engaged in the business of retail business in Industrial or Labors and Ferrous Waste. Presently, as of now, the dealer is existing, functional and doing business at the address as mentioned on the GST Portal. The firm is active. Audit objection raised by the audit party is admitted.

It is informed that a notice in form GST DRC 01A has been issued to the taxpayer for making the payment of tax and interest. As necessary action for safeguard Govt. Revenue has been taken, it is requested to kindly settle the para.

### CAG Report 2020-21

Para No. : 2.11.8.3.1(a)  
 Sr. no. as per CAG Report : 291  
 Name of Firm : GUPTA ENTERPRISES  
 GSTIN : 06AGSPG2606A1ZV  
 A.Y. : 2017-18

### Audit Objection

#### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest: -

Name of dealer	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total balance
M/S GUPTA ENTERPRISES, GSTIN-06AGSPG2606A1ZV	6286778	495134	5791644	12/26/2017	3/31/2021	1191	4535571	10327215

**Reply of Para**

It is submitted that the objection raised by audit in case of M/s GUPTA ENTERPRISES, Faridabad GSTIN 06AGSPG2606A1ZV has been examined by the Assessing Authority. The dealer is engaged the business of Manufacturing PARTS AND ACCESSORIES OF VEHICLES OF HEADINGS etc. Presently, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit Objection raised by the audit is admitted.

In reply to the audit objection raised by the audit party, it is informed that a notice in form GST DRC-01 amounting to Rs. 17374932/- (HGST= 5791644 + Interest= 5791644 + Penalty= 5791644) vide Reference No. ZD060322002956M dated 10/03/2022 has been issued to the taxpayer. The taxpayer submitted reply to the above notice vide ARN ZD060422001980U dated 09.04.2022. In form DRC-06. In reply, it is stated that claim of Tran-1 has filed on the basis of return filed for quarter ending 2017-18. As per the submission of the dealer the assessment (deemed assessment) of the year 2017-18 was finalized earlier than the preceding year i.e. 2015-16 and 2016-17 resulting thereby taking nil figure of excess carry forwarded amount from preceding years. It is pertinent to mention here that as case of 2017-18 was finalized on 21.10.2019 and 2015-16, 2016-17 on 28.08.2020 and 31.03.2021 respectively. Excess carried forwarded of Rs. 1319301 was allowed in assessment order for year 2016-17 decided on 31.03.2021. Similarly assessment order 2015-16 was rectified on 26.08.2020 thereby allowing excess carry forward of Rs. 1534765. Both above excess carry forward figures could not be taken into account in assessment year 2017-18 due already mentioned reason. Further the case of year 2014-15 was decided ex-parte and now remanded back to assessing authority for de novo assessment vide order dated 03.10.2023. ECF of Rs. 2937578 is claimed by the dealer in assessment year 2014-15. After considering all ECFs allowed in preceding years final ECF comes to Rs. 6286778 which was claimed in Tran-1. Details of ECF is as below:

Year	Dated	Amount
2017-18	21.10.2019	495134
2016-17	31.03.2021	1319301
2015-16	26.08.2020	1534765
2014-15		2937578

**CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. no. as per CAG Report : 306  
 Name of Firm : M/s Goel Trading Company  
 GSTN : 06BAWPG5004P1Z9  
 A.Y. : 2017-2018

**Audit Objection**

**Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest:-

Name of the dealer	Amount carried forward in Tran-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total balance
M/s Goel Trading Company	274276	108139	166137	27-08-2017	31-03-2021	1312	143324	309461

#### Reply of Para

It is submitted that the objection raised by Audit in the case of M/s Goel Trading Co., Faridabad (West), GSTIN-06BAWPG5004P1Z9 has been examined by the Assessing Authority. The dealer is engaged in the business of wholesale business/ retail business (glaziers putty). Presently, the firm is exists, functional and doing business at the address premises as mentioned on the GST Portal. The original assessment in this case was framed under Section 15(3) of the HVAT Act, 2003.

The audit has raised an objection that the dealer has wrongly claimed ITC of Rs. 1,66,137/- in Tran-1 and liable to pay this with interest. Audit objection raised by the audit is admitted

In reply to Audit Para, it is submitted that the FORM GST DRC- 01 with reference No. ZD061023008128Y has been issued on dated 12-10-2023 amounting to Rs. 4,31,956.25/- (tax-1, 66,137, interest- 2,24,285, penalty- 41,534.25. As necessary action for safeguarding the government revenue has been taken, it is requested to kindly settle the Para.

#### CAG Report 2020-21

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 329  
 Name of Firm : S.K. TRADING CO., Faridabad (North)  
 Tin/GSTIN No. : 06661318210/06AEKPC7664Q1ZU  
 A.Y. : 2017-18

#### Audit Objection

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A Taxable person who makes an under or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 of undue or

excess reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During Scrutiny of Case files of the under-mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-01:-

Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total Balance
5,11,698/-	00/-	5,11,698	25-12-17	31-03-21	1192	401059	912757
						401059	912757

Allowing excess carried forward of ITC in TRAN-1 & Non-Verification of Actual entitlement of Transitional Credit resulted in excess carried forward of ITC which was partially used by some dealers. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e., Rs. 9.12 Lakhs.

#### Reply

It is submitted that the objection raised by audit party in case of M/s S.K. TRADING CO., Faridabad having GSTIN - 06AEKPC7664Q1ZU has been examined by the Assessing Authority. Presently, as of now, the dealer is in existence, functional and doing business activity at the address premises as mentioned on the GST Portal. The dealer is engaged in the Retail and wholesale Business of FERROUS WASTE AND SCRAP; INGOTS OF IRON OR STEEL. The audit has pointed out that M/s S.K. TRADING CO., Faridabad having GSTIN - 06AEKPC7664Q1ZU has claimed ineligible Transitional credit of Rs.5,11,698/- in TRAN-1.

The objection raised by the Audit party has been admitted. In this regard it is submitted that the Assessing Authority created demand under Local Act amounting to Rs.8,59,959/- vide order dated 09.03.2020. This additional demand consists of TRAN-1 claimed amounting to Rs.5,11,698/- alongwith interest amounting to Rs.2,86,550/- (copy enclosed). The dealer has gone in Appeal for AY 2014-15 which is pending for adjudication. Further, ITC is blocked amounting to Rs. 6,26,043/- in interest of safeguarding the revenue on 24.03.2023. DRC-01 vide Ref. No.ZD0610230081171 and ARN-AD061023003086S dated 12.10.2023 has been issued (Copy Enclosed).

#### CAG Report 2020-21

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 344  
 Name of the Firm : M/s Sheela International , Faridabad (North)  
 GSTIN- : 06AUIPB8114H1Z1  
 Assessment Year : 416 / 2017-18/ 20.09.2019

#### Audit Objection

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him

under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A Taxable person who makes an under or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 of undue or excess reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During Scrutiny of Case files of the under mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-01:-

Sr. No.	Name of Dealer	GSTIN	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total Balance
1.	M/s Sheela International	06AUIPB4117H1Z1	1061090	676911	384179	28.11.17	31.03.21	1219	307933	692112
					<b>384179</b>				<b>307933</b>	<b>692112</b>

Allowing excess carried forward of ITC in TRAN-1 & Non-Verification of Actual entitlement of Transitional Credit resulted in excess carried forward of ITC which was partially used by some dealers. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e. Rs. 62.60 Lakh.

### Reply

It is submitted that the objection raised by Audit party in case of M/s Sheela International. Faridabad (North) holding GSTIN 06AUIPB4117H1Z1 has been examined by the Assessing Authority, Faridabad (North). Presently as of now, the dealer is existing functional and doing business at the address premises as mentioned on the GST Portal. The dealer is engaged in the business of Harmonized System of Nomenclature of Goods and Services. The audit has pointed out that M/s Sheela International. Faridabad (North) holding GSTIN 06AUIPB4117H1Z1 has claimed ineligible transitional credit of Rs.384179/-.

The objection raised by the audit party has been admitted. In this regard it is submitted that assessment for the year 2017-18 (Q.E. 30.06.2017) was framed vide order No. 416. dated 20.09.2019. In response to the audit para/objection it is submitted that the taxpayer has claimed excess transitional credit of Rs. 3,84,179/- which was paid by DRC – 03 vide ARN AD0601220052015 Dated 24.01.2022 for Rs. 179957/- & vide ARN AD0604220099158 Dated 27.04.2022 for Rs. 204222/-. Now, DRC 01A was issued to the taxpayer on 28.06.2023 for 31.07.2023 to recover the interest. On examination of the Electronic Credit Ledger of the taxpayer from the date of claim of TRAN-1 to the date of payment through DRC-03, the interest liability of the taxpayer comes to Rs. 1,02,390/- as there was excess ITC available. The DRC-01 for Rs. 1,02,390/- has been issued to the taxpayer vide reference no. ZD0609230179925 date 22.09.2023 (Copy of DRC 01 enclosed).



**CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 357  
 Name of the Firm : M/s Vikas Steel Inc., Faridabad (North)  
 GSTIN- : 06AAFFV2395C1Z8  
 Assessment Year : 2017-18

**Audit Objection**

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A Taxable person who makes an under or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 of undue or excess reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During Scrutiny of Case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-01: -

Sr. No.	Name of Dealer	GSTIN	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total Balance
1.	M/s Vikas Steel INC	06AAFFV2395C1Z8	9189143	0	9189143	26.08.17	31.12.21	1465	7933377	17122520
					9189143				7933377	17122520

Allowing excess carried forward of ITC in TRAN-1 & Non-Verification of Actual entitlement of Transitional Credit resulted in excess carried forward of ITC which was partially used by some dealers. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e., Rs. 3.20 Crore.

**Reply**

It is submitted that the objection raised by Audit in case of M/s Vikas Steel Inc., Faridabad (North) GSTIN 06AAFFV2395C1Z8 has been examined by the Assessing Authority. The dealer was engaged in the business of manufacturing & trading of tubes, pipes and hollow profiles angles, shapes and sections of stainless steel - bars and rods. The audit has pointed out that M/s Vikas Steel Inc., Faridabad (North) GSTIN 06AAFFV2395C1Z8 has claimed ineligible Transitional credit of Rs. 9189143/- in Tran-1.

In reply to the audit objection raised by the audit party. The taxpayer has excess carried forwarded to next returns input of Rs. 1,04,46,509/- as per VAT R-1 for Q.E.

30.06.2023. Original Assessment framed vide order No 96 date 26.06.2019 in which closing stock reduced amounting to Rs. 91,08,434/-. The taxpayer has claimed excess TRAN-1 of Rs. 80709/- (Tran- Claimed Rs.91, 89,143- 91, 08,434/- input reduced). It is submitted that the taxpayer availed invalid transitional credit of Rs. 80709/-. DRC-01 vide ARN ZD060323009636L date 16.03.2023. Copy of Assessment Order 2017-18, VAT R-1 & DRC 01 attached for your reference.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr.No. as per CAG Report : 388  
 Name of Firm : M/s Super Engineers (AMBALA)  
 GSTIN : 06AAVFS9024R1Z4  
 A.Y. : 2017-18

#### **AUDIT OBJECTION**

##### **(Credit of Non-Eligible amount (where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1668171	1566352	101819	27-12-2017	31-03-2021	1190	79670	181489

#### **REPLY OF PARA**

It is submitted that the objection raised by Audit in case of M/s Super Engineers, GSTIN 06AAVFS9024R1Z4 has been examined by the Assessing Authority. The dealer is engaged in the business of Trading-Trader-Hardware and mill store. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is not admitted or the objection raised by the audit is partly admitted or fully admitted.

This Reply is in continuation of the previous reply. In reply to the audit objection, it is submitted that the original assessment in this case was framed by the then Assessing Authority, Ambala City vide order dated 30.07.2019. and an excess carry forward was allowed Rs. 1,38,598/- for the year 2017-18 whereas as per rectification order for the year 2016-17 excess to be carry forwarded Rs. 12,88,815/- (copy of rectification order 2016-17 attached) Further assessment orders for the year 2017-18 was rectified with excess eligible ITC of Rs. 15,66,352/ (copy attached). The taxpayer carried forward Rs. 16,68,171/- in Tran-1. This the taxpayer claimed excess ITC of Rs. 1,01,819/- The taxpayer was reversed Rs. 1,10,050/- On 20.07.2018 in GSTR-3B (copy enclosed). For balance amount Rs. 71439/- recovery proceedings has been initiated against the

taxpayer under HGST Act 2017. The para is pending since long time. It is humbly requested to settle this para.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3(a)  
 Sr. No. as per CAG Report : 420  
 Name of Firm : M/s Yamuna Stone Crusher  
 TIN : 06AABFY6956A1Z6  
 A.Y. : 2017-18

#### **Audit Objection**

As per provision of Section 140 of HGST ACT 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

Name of Dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC Claim	From	To	Days	Interest	Total
M/s Yamuna Stone Crusher	06AABFY6956A1Z6	1322953/-	226721/-	1096232/-	30.11.2017	31.03.2021	1217	877226	1973459

Allowing excess carried forward of ITC I Tran-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which was partially used by the some dealers. As the access to ECL Was not available to audit party, hence, calculation of interest has been made on the basis of months mentioned in Tran-1 of/form of dealers/ firms.

Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest.

#### **Reply of Firm**

In reply to the Audit Para, it is submitted that the taxpayer is a stone crusher unit. Taxpayer is existent and functional. It is submitted that the Assessing Authority while framing the Assessment for the Year 2017-18 vide Disposal No.116 Dated 21.09.2020 has allowed excess carried forward Rs.226721/-. The taxable person has claimed TRAN

worth Rs.1322953/-. DRC -01 has been issued for the amount excess claimed and recovery proceedings have been initiated. Amount of Excess Tran 1 claimed has been blocked on 18.07.2023 for the recovery of TRAN 1. DRC 01 u/s 74 have already been issued to the taxpayer.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3(a)  
 Sr. No. as per CAG Report : 434  
 Name of Firm : M/s Laxmi Stone Crusher  
 TIN : 06CSGPS9102M1ZA  
 A.Y. : 2017-18

#### **Audit Objection**

As per provision of Section 140 of HGST ACT 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

Name of Dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC Claim	From	To	Days	Interest	Total
M/s Laxmi Stone Crusher	06CSGPS9102M1ZA	495024/-	0	495024/-	31.10.2017	31.03.2021	1247	405893	900917

Allowing excess carried forward of ITC I Tran-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which was partially used by the some dealers. As the access to ECL Was not available to audit party, hence, calculation of interest has been made on the basis of months mentioned in Tran-1 of/form of dealers/ firms.

Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest

### Reply of Firm

In reply to the Audit Para, it is submitted that the taxpayer is a stone crusher unit. Taxpayer is existent and functional. It is intimated that the notices have been issued to the taxpayer confronting him the facts/observation made on file. Latest reminder have been issued to the taxpayer on dated 06.10.2023 for 16.10.2023. DRC-01 have been issued to the dealer vide ref. No. ZD0610230127511 dated 19.10.2023.

### CAG Report 2020-21

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 498  
 Name of Firm : M/s Bansal Poles Pvt. Ltd.  
 GSTIN : 06AABCB7578A1ZV  
 A.Y. : 2017-18

### Audit Objection

Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
4841670	576290	4265380	01.09.2017	31.03.2021	1307	3665656	7931036

### Reply

It is submitted that the objection raised by Audit in case of **M/s Bansal Poles Pvt. Ltd.**, Bahadurgarh, Jhajjar, GSTIN **06AABCB7578A1ZV** has been examined by the Assessing Authority. The dealer is engaged in the business of mfg. Pipes, tubes & hollow pipes etc. Presently, the dealer is Active at its business premises as mentioned on the GST Portal.

Audit objection raised by the audit party is admitted. In reply to this audit objection it is submitted that the assessment of this firm for the year 2012-13 was framed but the benefit of the manually issued C forms was not given to the dealer. Thereafter, the dealer has preferred an appeal before the Ld. JETC (Appeal) Rohtak and the case was remanded by the FAA vide order JJR 24 dated 07.04.2021. The remand case was decided vide order 2A/2012-13 dated 02.03.2023 and created an excess carry forward amount of Rs.3590340/- in the year 2012-13. In the meantime, DRC01 has been issued to the dealer vide ARN AD061023002675K dated 11/10/2023 (Copy of DRC01 is

enclosed). As the government revenue has been protected, therefore, it is requested to settle this audit para.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 499  
 Name of Firm : M/s SIDHI VINAYAK VEHICLE PVT LTD  
 GSTIN : 06AAFCM7129L1Z6  
 A.Y. : 2017-18

#### **Audit Objection**

Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
14155635	0	14155635	26/12/2017	31/03/2021	1191	11085607	25241242

#### **Reply**

It is submitted that the objection raised by Audit in case of **M/s SIDHI VINAYAK VEHICLE PVT LTD.**, Bahadurgarh, Jhajjar GSTIN 06AAFCM7129L1Z6 has been examined by the Assessing Authority. The dealer is engaged in the business of **Motor Car Vehicles**. Presently, as of now, the dealer has closed its business premises as mentioned on the GST Portal.

Audit objection raised by the audit party is admitted. It is informed that DRC-01 vide ref. no. ZD061023010456Z dated 17.10.2023 of the same amount of the tax as well as interest, has been issued to taxpayer. As the government revenue has been protected, therefore, it is requested to settle this audit para.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 502  
 Name of Firm : M/s Delhi Plastchem Pvt. Ltd.  
 GSTIN : 06AACCV6815H1ZA  
 A.Y. : 2017-18

#### **Audit Objection**

Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1670466	1448283	222183	30.09.2017	31.03.2021	1278	186707	408890

#### Reply

It is submitted that the objection raised by Audit in case of **M/s Delhi Plastchem Pvt. Ltd.**, Bahadurgarh, Jhajjar, GSTIN **06AACC6815H1ZA** has been examined by the Assessing Authority. The dealer is engaged in the business of Trading of tubes pipes and hoses & fittings. Presently, the dealer is cancelled on 31.02.2021 at its business premises as mentioned on the GST Portal.

Audit objection raised by the audit party is admitted. In this regard, it is submitted that DRC-01 no. ZD0610230101094 dated 16.10.2023 of the same amount of tax as well as interest, was issued to the taxpayer (copy enclosed). As the government revenue has been protected, therefore, it is requested to settle this audit para.

#### CAG Report 2020-21

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 506  
 Name of Firm : M/s SAI MOTORS  
 GSTIN : 06ADIPG7181P1Z0  
 A.Y. : 2017-18

#### Audit Objection

Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1567925	108001	1459924	27/12/2017	31/03/2021	1190	1142341	2602265

#### Reply

It is submitted that the objection raised by Audit in case of M/s **SAI MOTORS**, Bahadurgarh, Jhajjar GSTIN **06ADIPG7181P1Z0** has been examined by the Assessing Authority. The dealer is engaged in the business of **Parts & Accessories of Motor**

**Vehicle.** Presently, the dealer is Active at its business premises as mentioned on the GST Portal.

Audit objection raised by the audit party is admitted. In this regard, it is submitted that DRC-01 no. ZD0610230104444 DATED 17.10.2023 of the same amount of tax as well as interest, was issued to the taxpayer (copy enclosed). As the government revenue has been protected, therefore, it is requested to settle this audit para.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 511  
 Name of Firm : M/s TKT IP ENTERPRISES  
 GSTIN : 06AADCT8594L1ZM  
 A.Y. : 2017-18

**Audit Objection**

Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1165638	0	1165638	08/11/2017	31/03/2021	1239	949628	2115266

**Reply**

It is submitted that the objection raised by Audit in case of **M/sTKT IP ENTERPRISES**, Bahadurgarh, Jhajjar GSTIN 06AADCT8594L1ZM has been examined by the Assessing Authority. The dealer is engaged in the business of **General Goods**. Presently, the dealer has closed its business premises as mentioned on the GST Portal.

Audit objection raised by the audit party is admitted. In this regard, it is submitted that DRC-01 no. ZD061023010449U dated 17.10.2023 of the amount of tax as well as interest and penalty (Rs. 1165638/- + interest Rs. 949628/-+ penalty Rs.1165638/-), was issued to the taxpayer (copy enclosed). As the government revenue has been protected, therefore, it is requested to settle this audit para.

**CAG Report 2020-21**

PARA No. : Para 2.11.8.3.1(a)  
 S. No. : 513  
 Name of the Dealer : Jai Bhagwati Sales (Jind)  
 GSTIN : 06AHQPJ3832L2ZY  
 A.Y. : 2017-18



### Audit Objection

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10 shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output

Tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case filed of the under-mentioned dealer it was noticed that dealers carried forward excess amount of VAT in his TRAN-I:-

Name	GSTIN	TRAN-I	Eligible	Excess	From	To	Days	Interest	Total
Jai Bhagwati Sales	06AHQPJ3832L2ZY	506338	0	506338	26.10.2017	31.03.2021	1252	416834	923172

### Reply of Para

The firm is closed. M/s Jai Bhagwati Sales, TIN-06212017463(GSTIN: 06AHQPJ3832L2ZY) claimed excess amount in TRAN-1 of Rs.506368/-. Business premises of this firm was inspected by Authorities of DGGI, Rohtak. They have initiated case against the proprietor Sh. Vikas Jain for availing fraudulent ITC u/s 132 of GST Act, 2017. The case is sub-judice in district court Rohtak. Furthermore, DRC-01 u/s 73 vide reference no ZD0603220043607 dated 14.03.2022 has been issued. As all the action under GST Act taken therefore, in view of the above audit para deserve to be dropped.

### CAG Report 2020-21

Para No. : 2.11.8. 3.1(a)  
 Sr. No. as per CAG Report : 527  
 Name of the Firm : M/s Bansal Agencies  
 A.Y. : 2017-18

### Audit Objection

Carry forward of Excess Transitional Credit of VAT and interest thereon As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the under mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

S No.	Name of dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Interest	Total
1	Bansal Agencies	06AGUPK7505L1ZU	555416	438945	116471	28-08-17	31-3-21	100401	216872

Allowing excess carried forward of ITC in Tran-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which was partially used by the some dealers.

**Reply of Para :-**

In reply to the audit it is submitted that the above mentioned firm is active and doing the business of Electricals Goods. The firm is migrated from VAT regime. The para raised by the audit is admitted.

In this regard, it is submitted that the firm has claimed excess carry forward of Rs. 5,55,416/- from HVAT Act, 2003 to GST regime by filing Tran-1 under SGST Act on the basis of excess carried forward in returns VAT R-1 (quarterly return 30-06-2017) under HVAT Act, 2003. The assessment for the year 2017-18(1st quarter) has been finalized vide order no. 135/dated 09-03-2021(**copy enclosed**) and an excess carried forward allowed of Rs. 4,38,945/- instead of excess claimed in Tran-1 Rs. 5,55,416/-. and also created additional demand of Rs. 1,16,471/-on account of excess claimed in Tran-1 and also imposed interest of Rs. 1,00,165/-. Thus total additional demand created Rs. 2,16,636/-. Hence action regarding excess claiming of Transitional Credit of VAT and interest thereon has already been taken. The taxpayer has deposited Rs. 116471/- through DRC-03 dated 09.03.2022(Copy enclosed). Notice regarding balance amount has been issued to the dealer.

In view of the above, the para may please be dropped.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1(A)  
 Sr. No. as per CAG Report : 528  
 Name of Firm : M/s Kabir Enterprises, Karnal  
 GSTIN : 06ADEPK5959R1ZQ  
 A.Y. : 2017-18

**Audit Objection**

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by

him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section 10 of Section 42 or undue or excess reduction in output tax liability under sub-section 10 of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case pertaining to year 2017-18 no excess has accrued as your case has been decided ex-parte due to non-appearance and non-submission of documents. The actual credit balance as per 2017-18 is given as below:-

Name of Firm	TRAN 1	Eligible ITC	Excess ITC Claimed	Days	Interest calculated @2% per month	Total
M/a Kabir Enterprises	299976	0	299976	1194	235510	535486

#### Reply of Para

In reply to audit it is submitted that the assessment case of M/s Kabir Enterprises, Karnal TIN-06212230888 for the year 2017-18 has been decided by the then Assessing Authority, Karnal vide order No. 215/17-18 dated 19.03.2021 creating additional demand of Rs. 472950/- under the CST Act, 1956.

Proceedings were initiated for verification of this wrong claim of TRAN-1 to the tune of Rs.299976/- and the taxpayer was issued show cause notice under section 73 in the form GST DRC-01 on dated 16.12.2022 for dated 06.01.2023. The said case is under proceedings and Reminder-I was issued on i.e. 15.03.2023 for dated 24.03.2023. Reminder-II was issued on i.e. 28.03.23 for dated 10.04.23. Further reminder-III has been issued vide reference no. (SCN ZD0610230123808) on 19.10.23 for dated 25.10.23.

#### CAG Report 2020-21

Para No. : 2.11.8.3.1(A)  
 Sr. No. as per CAG Report : 529  
 Name of Firm : M/s Monika Freshway Food Pvt. Ltd., Karnal  
 TIN : 06AAFCM7890J1ZY  
 A.Y. : 2017-18

#### Audit Objection

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section 10 of Section 42 or undue or excess reduction in output tax liability under sub-section 10 of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case pertaining to year 2017-18 no excess has accrued as your case has been decided ex-parte due to non-appearance and non-submission of documents. The actual credit balance as per 2017-18 is given as below:-

Name of Firm	TRAN 1	Eligible ITC	Excess ITC Claimed	Days	Interest calculated @2% per month	Total
M/s Monika Freshway Food	2675612	0	2675612	1197	2105890	4781502

#### Reply of Para

In reply to audit it is submitted that the assessment case of M/s Monika Freshway Food, Karnal TIN-06552234290 for the year 2017-18 has been decided by the then Assessing Authority, Karnal vide order No. 480/17-18 dated 20.09.2019 with NIL demand under the both Acts. The registration of the taxpayer is cancelled under GST on 01.06.2019 by issuing notice for suo-moto cancellation.

Proceedings were initiated for verification of this wrong claim of TRAN-1 to the tune of Rs.2675612/- and the taxpayer was issued show cause notice under section 74 in the form GST DRC-01 on dated 06.07.2022 for dated 06.08.2022. Reminder-1 was issued on dated 16.12.2022 for dated 06.01.2023. The said case is under proceedings and Reminder-2 was issued on i.e. 15.03.2023 for dated 24.03.2023 and Reminder-3 was issued on i.e. 26.03.23 for dated 10.04.23. The dealer is not responding for proceedings and finally DRC-07 proceedings will be initiated.

#### CAG Report 2020-21

Para No. : 2.11.8.3.1(A)  
 Sr. No. as per CAG Report : 532  
 Name of Firm : M/s Vision Communication  
 TIN : 06452230465  
 A.Y. : 2017-18

#### Audit Objection

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section 10 of Section 42 or undue or excess reduction in output tax liability under sub-section 10 of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case pertaining to year 2017-18 no excess has accrued as your case has been decided ex-parte due to non-appearance and non-submission of documents. The actual credit balance as per 2017-18 is given as below:-

Name of Firm	TRAN 1 claimed	Eligible ITC	Excess ITC Claimed	Days	Interest calculated @2% per month	Total
M/a Vision Communication	448332	0	448332	1192	351394	799726

#### Reply of Para

In reply to audit it is submitted that the assessment case of M/s Vision Communication, Karnal TIN-06452230465 for the year 2017-18 has been decided by the then Assessing Authority, Karnal vide order No. 284/17-18 dated 31.03.2021 creating additional demand of Rs. 1841617/- under the HVAT Act, 2003 and demand of Rs. 3526770/- under the CST Act, 1956.

Proceedings were initiated for verification of this wrong claim of TRAN-1 to the tune of Rs.448332/- and the taxpayer was issued show cause notice under section 61 in the form GST ASMT-10 on dated 06.07.2022 for dated 06.08.2022 and taxpayer had responded by submitting reply in form GST ASMT-11 on dated 06.08.2022. Subsequently, Reminder-1 was issued on dated 16.12.2022 for 06.01.2023. The said scrutiny case is under proceedings, Reminder-2 was issued on i.e. 15.03.2023 for dated 24.03.2023 and Reminder-3 was issued on i.e. 28.03.23 for dated 10.04.23.

#### CAG Report 2020-21

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	542
Name of the Firm	:	Pharmacon Life Science
TIN	:	06902234049
A.Y.	:	2017-18

#### Audit Objection

##### Objection: Carry forward of Excess Transitional Credit of VAT and Interest thereon.

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50 (3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

Sr. No.	Name of the dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Interest	Total
1.	Pharmacon Life Science	06BKCPS3515H1Z9	159054		35739	27-12-17	31-03-21	30736	66475

### Reply of Para

In reply to the audit objection, it is submitted that the firm has claimed excess carry forward of Rs. 289186/- from HVAT Act, 2003 to GST regime by filing Tran-1 under SGST Act on the basis of excess carried forward in returns VAT R-1 (quarterly return 30-06-2017) under HVAT Act, 2003. The assessment for the year 2017-18 (1<sup>st</sup> quarter) has been finalized vide order No. 138/dated 01-03-2021 (copy enclosed) and an excess carried forward allowed (after rectification) of **Rs. 159054/-** instead of excess claimed in Tran-1 Rs. 289186/- and also created additional demand of **Rs. 35739/-** on account of excess claimed in Tran-1 and also imposed interest of **Rs.30736/-**. Thus total additional demand created **Rs.66475/-**. Hence action regarding excess claiming of Transitional Credit of VAT and interest thereon has already been taken. Recovery proceeding has already been initiated against the tax payer to deposit the outstanding dues and notice issued on 17.10.2023.

### CAG Report 2020-21

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	565
Name of Firm	:	M/s Exeter Metbiz India Pvt Ltd
TIN	:	06592318464
GSTIN	:	06AACCE6978J1Z6
A.Y.	:	2017-18

### Audit Objection

#### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be

at such rate not exceeding twenty four per cent as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the under mentioned dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1255395	0	1255395	27.12.17	31.03.21	1190	982304	2237699

Allowing excess carried forward of ITC in Tran-1 and non verification of actual entitlement of transitional credit resulted in excess forward of ITC which may be used by dealer wholly / partially.

### Reply

Para admitted. The firm is active and the taxpayer is a trader of Old Batteries and Led. In reply to the audit para, it is submitted that the case M/s Exeter Metbiz India Pvt Ltd, Shahabad(M) holding TIN06592318464 for the A.Y 2017-18 was assessed vide D.No.365 Dated 31.03.2021 by the then Assessing Authority under HVAT Act 2003 and created additional demand of Rs.2,02,42,838/- (Tax Rs.10695406/- and Interest Rs.9547432/-) and disallowed Input Tax Credit of Rs. 28,18,03,900/- due to bogus ITC claim. But the taxpayer had wrongly claimed TRAN-1 of Rs.1255395/-. Accordingly, proceeding under section 74 has been initiated against the taxpayer by issuance of DRC-01 on dated 02.11.2023 and an ITC of Rs. 481829/- stands blocked against the taxpayer.

### CAG Report 2020-21

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 603  
 Name of Firm : M/s MARUTI NANDAN FIBERS, Panipat  
 GSTIN : 06ABPPG3817K1ZG  
 Year : 2017-18

### Audit Objection

Carry forward of Excess transitional credit of VAT and interest thereon Rs. 2741.52 lakh (95 DEALERS)

As per provision of section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under section 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case file of the under mentioned dealer, it was noticed that the dealer had carried forward excess amount of VAT in his TRAN-1 as detailed below:

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
1093483	0	1093483	25-12-2017	31-03-2021	1192	857051	1950534

Allowing excess carried forward of ITC in TRAN-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provisions of law, for recovery of ITC amount along with interest amounting to Rs. 1950534/-.

#### **Audit Reply**

In reply to audit objection it is submitted that the dealer is engaged in the business of manufacturing of New Rags, Thread, etc. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST portal. The objection raised by Audit in case of M/s MarutiNandan Fibers, GSTIN 06ABPPG3817K1ZG has been examined by the Assessing Authority.

In reply to audit objection it is submitted that dealer has made transitional claim of Rs. 1093483/- in its TRAN-1 in lieu of excess in VAT regime but during the finalization of VAT assessment of 2017-18, net excess input tax credit came to Nil.. In this way, the dealer claimed excess input tax credit of Rs. 1093483/- in Tran-1. The then Assessing Authority while framing assessment was not levied interest on this due amount. Now, In this regard SCN has been issued form DRC-01 to the dealer vide reference No. ZD060923026338A dated 29.09.2023. Further proceedings are under process. All necessary steps to save Govt. Revenue have been taken, so it is requested to settle the present para.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 608  
 Name of the Firm: : M/s Vij Engineers and Consultants (P) Ltd.  
 TIN: : 06112615160 (06AABCV2746G1ZF)  
 A.Y. : 2017-18

#### **AUDIT OBJECTION:**

As per provision of section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under section 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the



case may be at such rate not exceeding twenty per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case file of the under mentioned dealer, it was noticed that the dealer had carried forward excess amount of VAT in his TRAN-1 as detailed below:

Claim in TRAN-1	Eligible Claim	Excess Claim	From	To	Days	Interest	Total
9233642	0	9233642	10.10.17	31.03.21	1268	7698581	16932223

Allowing excess carried forward of ITC in TRAN-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provisions of law, for recovery of ITC amount along with interest amounting to Rs. 1,69,32,223/-.

#### REPLY OF PARA:

It is submitted that the objection raised by the Audit Party in case of above said firm has been examined by the Assessing Authority. The dealer is engaged in the business of trading & manufacturing of electrical goods. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST portal.

It is submitted that dealer has made transitional claim of Rs.9233642/- in its TRAN-1(Table 5C) in lieu of excess in VAT regime but during finalization of VAT assessment of 2017-18 (up to 30-06-2017), no excess tax is assessed. On the basis of Audit Objection the Proper Officer issued DRC-01 for depositing the due tax along-with interest. But the dealer failed to respond to the notice. Finally the Proper Officer issued DRC-07 on 14.10.2022 and demand was created. After that the taxpayer filed CWP bearing No.10018 of 2023 before the Hon'ble Punjab and Haryana High Court and the Hon'ble Court decided the case on 11.05.2023 and set aside the order of the Proper Officer on technical grounds and granted the liberty to the Proper Officer to initiate fresh proceeding as per provisions of the Act. Now, the dealer was show caused by issuing DRC-01 and case is under process.

All necessary steps to save Govt. Revenue have been taken, so it is requested to settle the present para.

#### CAG Report 2020-21

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	611
Name of Firm	:	M/a R.K.G. INDUSTRIES, Panipat
GSTIN	:	06AAKHP7551D1Z3
Year	:	2017-18

#### Audit Objection

Carry forward of Excess transitional credit of VAT and interest thereon Rs. 2741.52 lakh (95 DEALERS)

As per provision of section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic

credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under section 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case file of the under mentioned dealer, it was noticed that the dealer had carried forward excess amount of VAT in his TRAN-1 as detailed below:

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
1061688	844926	216762	27-12-2017	31-03-2021	1190	169609	386371

Allowing excess carried forward of ITC in TRAN-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provisions of law, for recovery of ITC amount along with interest amounting to Rs. 386371/-.

#### **Audit Reply**

In reply to audit objection it is submitted that the dealer is engaged in the business of manufacturing of Rabes& cables, Twine etc. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST portal. The objection raised by Audit in case of M/s R.K.G. Industries, GSTIN 06AAKHP7551D1Z3 has been examined by the Assessing Authority.

In reply to audit objection it is submitted that dealer has made transitional claim of Rs. 1065190/- in its TRAN-1 in lieu of excess in VAT regime but during the finalization of VAT assessment of 2017-18, net excess input tax credit came to 844926/-. In this way, the dealer claimed excess input tax credit of Rs. 2020264/- in Tran-1. The then Assessing Authority while framing assessment was not levied interest on this due amount. Now, In this regard SCN has been issued form DRC-01 to the dealer vide reference No. ZD060923026319A dated 29.09.2023. Further proceedings are under process.

All necessary steps to save Govt. Revenue have been taken, so it is requested to settle the present para.

#### **CAG Report 2020-21**

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	615
Name of Firm	:	M/s TEXTILE INDIA now known as BHAKTI INTERNATIONAL, Panipat
GSTIN	:	06AIRPS1485Q1Z7
Year	:	2017-18

### Audit Objection

Carry forward of Excess transitional credit of VAT and interest thereon Rs. 2741.52 lakh (95 DEALERS)

As per provision of section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under section 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case file of the under mentioned dealer, it was noticed that the dealer had carried forward excess amount of VAT in his TRAN-1 as detailed below:

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
613911	0	613911	12-12-2017	31-03-2021	1205	486419	1100330

Allowing excess carried forward of ITC in TRAN-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provisions of law, for recovery of ITC amount along with interest amounting to Rs. 1100330/-.

### Audit Reply

In reply to audit objection It is submitted that the dealer is engaged in the business of manufacturing of Cotton waste etc. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST portal. The objection raised by Audit in case of M/s Textile India now known as BHAKTI INTERNATIONAL, GSTIN 06AIRPS1485Q1Z7has been examined by the Assessing Authority.

In reply to audit objection it is submitted that the original assessment case for the year 2017-18 was framed vide order no. 1192 dt. 12.12.2019 by the then Assessing Authority. Further, notice regarding levy of interest on excess ITC claimed in TRAN-1 was issued to the dealer. Subsequently, the dealer has not complied with the provisions of the notice. Consequently, notice u/s 74(5) in FORM OF DRC-01A has been issued to the dealer vide Reference No. ZD061223021920X dated 22.12.2023. Further proceedings are under process. All necessary steps to save Govt. Revenue have been taken, so it is requested to settle the present para.

**CAG Report 2020-21**

Para No.	:	2.11.8.3.1(a)
Sr. No. as per CAG Report	:	627
Name of the Firm	:	M/s Shiv Cylinder
TIN	:	06182615849
GSTIN	:	06ABRFS0310H1ZC
A.Y.	:	2017-18

**AUDIT OBJECTION:**

As per provision of section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under section 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case file of the under mentioned dealer, it was noticed that the dealer had carried forward excess amount of VAT in his TRAN-1 as detailed below:

Claim in TRAN-1	Eligible Claim	Excess Claim	From	To	Days	Interest	Total
1093178	453	1092725	20.09.17	31.03.21	1288	925433	2018158

Allowing excess carried forward of ITC in TRAN-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provisions of law, for recovery of ITC amount along with interest amounting to Rs. 20,18,158/-.

**REPLY OF PARA:**

It is submitted that the objection raised by the Audit Party in case of above said firm has been examined by the Assessing Authority. The dealer is engaged in the business of manufacturing of gases. Presently, as of now, the firm is cancelled on suo-moto basis w.e.f. 07.10.2022.

It is submitted that dealer has made transitional claim of Rs.1093178/- in its TRAN-1 return in lieu of excess in VAT regime but during finalization of VAT assessment of 2017-18 (up to 30-06-2017), Tran-1 amount was not considered as the Tran-1 amount was mentioned as Nil. Later on when this fact came to the knowledge of the assessing authority and the dealer reversed the tax of Rs.1093178/- in form of DRC-03 dated 13.03.2019 under SGST Act through Electronic Credit Ledger (Rs.942489/-) and Electronic Cash Ledger. (Rs.150689/-). Regarding interest on the same the Proper Officer has issued DRC-01 on 29.08.2023 and case is under process.

All necessary steps to save Govt. Revenue have been taken, so it is requested to settle the present para.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 625  
 Name of Firm : M/s AMIT SPINNING MILLS  
 GSTIN : 06AMCPG3597N1ZN  
 A.Y. : 2017-18

**Audit Objection**

**Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amt was not considered in Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1995777	0	1995777	26-12-2017	31-03-2021	1191	1562939	3558716

**Reply**

The dealer is engaged in the business of cotton waste & yarn. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal.

In reply to audit objection, it is submitted that the dealer has made transitional claim of Rs. 1995777/- in its TRAN-1 in lieu of excess in VAT regime but during the finalization of VAT assessment of 2017-18, net excess ITC came to Rs. 0/-. The dealer has claimed excess ITC of Rs. 1995777/- in TRAN-1. The Assessing Authority has disallowed ITC claim of the dealer and created an additional demand of Rs. 11579911/-. The case was undertaken in GST scrutiny for 2017-18 and DRC-01 is issued for an amount of Rs. 60,98,770/- which includes the excess amount claimed in Tran 1 also. All necessary steps to save Govt. Revenue have been taken, so it is requested to settle the present para.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 669  
 Name of Firm : M/s P.R.STEELS  
 GSTIN : 06AARFP4967G1ZO  
 A.Y. : 2017-18

### Audit Objection

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Cenvat /VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under section 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of the case files of the dealers on the basis of statement of credit taken in Tran-1, it was noticed that the dealer carried forward excess amount of Vat credit in Tran-1 for his actual credit balance as per assessment order of 2017-18. Thus allowing excess carried forward of vat credit amount in Tran-1 and not verifying the actual entitlement resulted in excess carry forward of transitional credits of which has been utilized by the dealer.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
291319	0	291319	11/7/2017	3/31/2021	1240	237525	528844

### Reply

It is submitted that the objection raised by Audit in case of M/s P.R. Steels, GSTIN 06AARFP4967G1ZO has been examined by the Assessing Authority. The dealer is engaged in the business of STAINLESS STEEL IN INGOTS OR OTHER PRIMARY FORMS; SEMIFINISHED PRODUCTS OF STAINLESS STEEL – OTHER, Presently status of the said firm is Cancelled on Application of Taxpayer. Audit has pointed out that the taxpayer has carried forward ITC of RS. 2,91,319/- even though they were not eligible to carry the same.

Audit objection raised by the audit is admitted. DRC-01 u/s 73 vide reference no. ZD060422002483X dated 12.04.20233 has been issued to the Taxpayer for recovery of ITC excess availed. Copy of DRC-01 is enclosed herewith for ready reference.

Since proceedings in the matter have already been initiated, it is requested that the para may please be dropped.

### CAG Report 2020-21

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	672
Name of Firm	:	M/s HEMKUNT ENTERPRISES
GSTIN	:	06AAZPG2052M1ZB
A.Y.	:	2017-18

### Audit Objection

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Cenvat /VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under section 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of the case files of the dealers on the basis of statement of credit taken in Tran-1, it was noticed that the dealer carried forward excess amount of Vat credit in Tran-1 for his actual credit balance as per assessment order of 2017-18. Thus allowing excess carried forward of vat credit amount in Tran-1 and not verifying the actual entitlement resulted in excess carry forward of transitional credits of Rs. 390832/- which has been utilized by the dealer.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
468781	451380	17401	12/27/2017	3/31/2021	1190	13616	31017

### Reply

It is submitted that the objection raised by Audit in case of M/s HEMKUNT ENTERPRISES, GSTIN 06AAZPG2052M1ZB has been examined by the Assessing Authority. The dealer is engaged in the business of PIG IRON AND SPIEGELEISEN IN PIGS, BLOCKS OR OTHER PRIMARY FORMS, Presently status of the said firm is Active. Audit objection raised by the audit is admitted.

The assessment case of the firm for the year 2017-18 has been assessed by the Assessing Authority vide order no. 322/2017-18, dated 30-03-2021 allowing excess ITC of Rs. 451380/-. The dealer availed Tran-1 claim amounting to Rs. 468781/-. Hence the dealer had availed excess TRANS-1 of Rs. 17401/-. DRC-01 u/s 73 vide reference no. ZD060422002499K had been issued to the Taxpayer for recovery of excess ITC and Interest. Copy of DRC-01 is enclosed herewith for ready reference.

Since proceedings in the matter have already been initiated, it is requested that the para may please be dropped.

### CAG Report 2020-21

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	676
Name of Firm	:	M/s SHIVA BOARD & PLYWOOD
GSTIN	:	06AFMPJ1579A1ZM
A.Y.	:	2017-18

### Audit Objection

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Cenvat /VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under section 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of the case files of the dealers on the basis of statement of credit taken in Tran-1, it was noticed that the dealer carried forward excess amount of Vat credit in Tran-1 for his actual credit balance as per assessment order of 2017-18. Thus allowing excess carried forward of vat credit amount in Tran-1 and not verifying the actual entitlement resulted in excess carry forward of transitional credits of Rs. 390832/- which has been utilized by the dealer.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
377152	0	377152	12/27/2017	3/31/2021	1190	295108	672260

### Reply

It is submitted that the objection raised by Audit in case of M/s SHIVA BOARD & PLYWOOD, GSTIN 06AFMPJ1579A1ZM has been examined by the Assessing Authority. The dealer is engaged in the business of WOOD SAWN OR CHIPPED LENGTHWISE, SLICED OR PEELED, WHETHER OR NOT PLANED, SANDED OR ENDJOINTED. Presently status of the said firm is Cancelled on Application of Taxpayer. Audit objection raised by the audit is admitted.

The dealer availed ITC amounting to Rs. 377152/- in TRAN-1 even though they did not have ITC as per Assessment Order for the year 2017-18. Consequent to findings of Audit, DRC-01 u/s 74 vide reference no. ZD060422000496S had been issued to the Taxpayer for recovery of Excess ITC claimed and applicable interest . Copy of DRC-01 is enclosed herewith for ready reference.

Since proceedings in the matter have already been initiated, it is requested that the para may please be dropped.

### CAG Report 2020-21

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	678
Name of Firm	:	M/s Himani Timber, Jagadhri
GSTIN	:	06AFYPR7865M1Z4
A.Y.	:	2017-18



**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
3,58,554/-	0	3,58,554/-					

**Reply**

It is submitted that the objection raised by Audit in case of M/s Himani Timber, Jagadhri, GSTIN 06AFYPR7865M1Z4 has been examined by the Assessing Authority. The dealer is engaged in the business of manufacturing of PLYWOOD, VENEERED PANELS AND SIMILAR LAMINATED WOOD. Presently, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is admitted.

The case of the firm for the year 2017-18 has been assessed by the Assessing Authority vide order no. 636/2017-18 dated 09.01.2020. Dealer has availed ITC of RS. 3,58,554/- in TRAN-1 even though there was no Excess input to carry forward as per Original Assessment Order. In light of the same, DRC-01A dated 28.02.2022 and DRC-01 vide reference No. ZD060422004769F dated 20.04.2022 was issued to the assessee. In response to the proceedings, the dealer has submitted that there was no excess in the Original Assessment Order since benefit of concessional rate of tax was not given at the time of assessment, pending submission of C Forms. Now, dealer has submitted C-Forms pertaining to the years 2015-16, 2016-17 and 2017-18. As per the rectified Assessment Order for the year 2017-18, the taxpayer had excess ITC of Rs. 81,083/- liable to be carried forward in GST regime. Since ITC actually carried forward by the dealer in GST Form TRAN-1 was Rs. 3,58,554/-, there is still excess availment of ITC by the taxpayer. DRC-01 vide reference No. ZD060422004769F dated 20.04.2022 has already been issued to the assessee. Copy of the same is enclosed herewith for ready reference.

Since proceedings in the matter have already been initiated, it is requested that the para may please be dropped.

**CAG Report 2020-21**

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	680
Name of Firm	:	M/s A & A COOPERATION, Jagadhri
GSTIN	:	06AVOPS8985P1Z3
A.Y.	:	2017-18

**Audit Objection****Carry Forward of excess Transitional of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of the case files of the dealers, it was noticed that the dealer carried forward excess amount of Vat in his Tran-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/ partially. Matter has been brought to the notice of assessing authority for taking action as per the provisions of the Act for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
2,87,487/-	NIL	2,87,487/-	23.12.2017	31.03.2021	1194	2,25,705/-	5,13,192/-

**Reply**

It is submitted that the objection raised by Audit Party in case of M/s A & A COOPERATION has been examined by the assessing authority. The dealer is engaged in the business of trading of plywood and veneers Presently, the registration of the firm stands cancelled with effect from 19.07.2019.

The audit objection raised by the audit party is admitted. The assessment case of the firm for the year 2017-18 has been assessed by the Assessing Authority vide order no. 656/2017-18, dated 13.12.2019 and there was no excess ITC liable to be carried forward. However, the dealer availed ITC of Rs. 2,87,487/- in Tran-1. Consequent to the observation of Audit, Intimation in the form of DRC-01A was issued to the Taxpayer for recovery of excess ITC along with applicable interest and penalty. Subsequently, an amount of Rs. 2,87,487/- was recovered by way of DRC07A Recovery ID- ID0609220000515 dated 20.09.2022. However, dealer has failed to discharge their interest liability. Hence, Notice in Form DRC-01 vide reference No ZD060323008517O dated 15.03.2023 has been issued to the taxpayer as per provisions of Section 74 of the HGST Act, 2017. Copy of DRC07A and DRC01 is enclosed herewith for ready reference.

Since proceedings in the matter have already been initiated, it is requested that the para may please be dropped.

**CAG Report 2020-21**

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	685
Name of Firm	:	M/s BHAGAT FABRICATORS, Jagadhri
GSTIN	:	06AAIFB1120E1Z8
A.Y.	:	2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
8960444	6800778	2159666					2159666

**Reply**

It is submitted that the objection raised by Audit in case of M/s Bhagat Fabricators, Jagadhri, GSTIN 06AAIFB1120E1Z8 has been examined by the Assessing Authority. The dealer is engaged in the business of Manufacturing of Machines Tools, steam turbines and other vapour turbines – parts etc. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is partly admitted.

It is submitted that the assessment case of the firm for the year 2017-18 has been assessed by the Assessing Authority vide order no. 707/2017-18, dated 30.10.2019, the dealer availed Tran-1 claim amounting to Rs. 89,60,444/- even though the assessment order for the period 2017-18 allowed ECF of Rs. 5580778/- only. Further, as per available records, it was seen that the dealer reversed the said excess ITC by way of depositing Rs. 12,20,000/- through DRC-03 vide ARN No. AD060319000036K dated 01.03.2019. Hence, it appeared that taxpayer had availed excess ITC of Rs. 21,59,666/- in TRAN-1, as pointed out by Audit. Subsequently, the dealer deposited Rs. 21,59,666/- vide GRN no. 86976443, dated 03.02.2022. Now, recovery of interest of Rs. 21,59,666/- has been initiated under HVAT Act 2003. Copy of DRC-03 & GRN are enclosed herewith for ready reference.

In view of above, since the excess ITC availed has been recovered and since proceedings have been initiated for recovery of interest, the para may please be dropped.

**CAG Report 2020-21**

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	687
Name of Firm	:	M/s MAHABALI WOOD IND
GSTIN	:	06AZDPK2540B1Z0
A.Y.	:	2017-18

### Audit Objection

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Cenvat /VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under section 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of the case files of the dealers on the basis of statement of credit taken in Tran-1, it was noticed that the dealer carried forward excess amount of Vat credit in Tran-1 for his actual credit balance as per assessment order of 2017-18. Thus allowing excess carried forward of vat credit amount in Tran-1 and not verifying the actual entitlement resulted in excess carry forward of transitional credits of Rs. 390832/- which has been utilized by the dealer.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
421041	0	421041	10/21/2017	3/31/2021	1257	347999	769040

### Reply

It is submitted that the objection raised by Audit in case of M/s MAHABALI WOOD IND, GSTIN 06AZDPK2540B1Z0 has been examined by the Assessing Authority. The dealer is engaged in the business of SHEETS FOR VENEERING, FOR PLYWOOD OR FOR SIMILAR LAMINATED WOOD AND OTHER WOOD. Presently status of the said firm is Active and functional. Audit objection raised by the audit is partially admitted.

It is submitted that the assessment case of the firm for the year 2017-18 has been assessed by the Assessing Authority vide order no. 1020/2017-18/dated 21-10.2019. The dealer has availed ITC of Rs. 4,21,041/-in TRAN-1. At the time of Assessment, the taxpayer had not been given the benefit of concessional rate of tax due to non-submission of C Forms. Subsequently, the dealer submitted required C form for the year 2016-17 and 2017-18 and orders were rectified accordingly. As per rectified Assessment Order for the year 2017-18, the taxpayer has excess ITC of Rs. 196501/-only. Hence, there is still excess availment of ITC. Notice in the Form DRC-01 vide reference no. ZD060323009036X dated 16.03.2023 has been issued to the taxpayer for recovery of remaining dues. Copy of DRC-01 and Rectified Order are enclosed herewith for ready reference.

Since proceedings in the matter have already been initiated, it is requested that the para may please be dropped.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 689  
 Name of Firm : M/s ANAND IRON WORKS, Jagadhri  
 GSTIN : 06ALYPM8835C1ZL  
 A.Y. : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
330990	254990	76000				71440	147440

**Reply**

It is submitted that the objection raised by Audit in case of M/s ANAND IRON WORKS, Jagadhri, GSTIN 06ALYPM8835C1ZL has been examined by the Assessing Authority. The dealer is engaged in the business of trading of Iron and Steel etc. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is admitted.

It is submitted that the assessment case of the firm for the year 2017-18 has been assessed by the Assessing Authority vide order no. 467/2017-18, dated 20.09.2019 and showing ECF of Rs. 2,54,990/-. However, the dealer availed excess ITC in Tran-1, amounting to Rs. 330990/-, thus claiming excess ITC of Rs. 76,000/-. Consequent to the findings of Audit, Intimation in the Form DRC-01A was issued to the dealer. In response to the dealer has submitted that they have reversed ITC of Rs. 76000/-, by way of DRC -03 vide ARN no. AD060621000386I on dated 03.06.2021. However, interest liability of the dealer remains unpaid. Hence, Notice in the Form DRC 01 vide reference no. ZD060322009285S Dated 30.03.2022 was issued to the taxpayer under section 74 of the HGST Act, 2017, for recovery of interest amounting to Rs. 71440/-. Copy of DRC-03 and Notice in Form DRC-01 are enclosed herewith for ready reference.

Since proceedings in the matter have already been initiated, it is requested that the para may please be dropped.

**CAG Report 2020-21**

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	692
Name of Firm	:	M/s SHREE BALAJI INDUSTRIES
GSTIN	:	06ABSFS2192N1ZE
A.Y.	:	2017-18

**Audit Objection**

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Cenvat /VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under section 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of the case files of the dealers on the basis of statement of credit taken in Tran-1, it was noticed that the dealer carried forward excess amount of Vat credit in Tran-1 for his actual credit balance as per assessment order of 2017-18. Thus allowing excess carried forward of vat credit amount in Tran-1 and not verifying the actual entitlement resulted in excess carry forward of transitional credits of Rs. 390832/- which has been utilized by the dealer.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1511615	1477266	34349	12/27/2017	3/31/2021	1190	26877	61226

**Reply**

It is submitted that the objection raised by Audit in case of M/s **SHREE BALAJI INDUSTRIES**, GSTIN **06ABSFS2192N1ZE** has been examined by the Assessing Authority. The dealer is engaged in the business of utensil. Presently status of the said firm is active. Audit objection raised by the audit is admitted.

It is submitted that the assessment case of the firm for the year 2017-18 has been assessed by the Assessing Authority vide order no. 257/2017-18/dated 31-05-2019 and showing ECF of Rs. 1477266/- and the dealer availed Tran-1 claim amount of Rs. 1511615/-. Hence the dealer had availed excess TRANS-1 of Rs. 34349/-. The dealer has Submitted DRC-03 of Rs. 34349/- vide ARN AD0602190007780 dated 23-02-2019. DRC-01 u/s 73 vide reference no. ZD060322005895J had been issued to the Taxpayer for recovery of Interest of Rs. 15869/-. Copy of DRC-03 and DRC-01 is enclosed herewith for ready reference.

Since proceedings in the matter have already been initiated, it is requested that the para may please be dropped.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 698  
 Name of Firm : M/s PRITAM ENGG. WORKS  
 GSTIN : 06ASTPS8852P1ZE  
 A.Y. : 2017-18

**Audit Objection**

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Cenvat /VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under section 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of the case files of the dealers on the basis of statement of credit taken in Tran-1, it was noticed that the dealer carried forward excess amount of Vat credit in Tran-1 for his actual credit balance as per assessment order of 2017-18. Thus allowing excess carried forward of vat credit amount in Tran-1 and not verifying the actual entitlement resulted in excess carry forward of transitional credits of which has been utilized by the dealer.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
402154	23114	379040	8/25/2017	3/31/2021	1314	327490	706530

**Reply**

It is submitted that the objection raised by Audit in case of M/s PRITAM ENGG. WORKS, GSTIN 06ASTPS8852P1ZE has been examined by the Assessing Authority. The dealer is engaged in the business of COPPER TUBES AND PIPES, POLISHES AND CREAMS, TABLE, KITCHEN OR OTHER HOUSEHOLD ARTICLES etc. Presently status of the said firm is active and functional. Audit objection raised by the audit is admitted.

It is submitted that the assessment case of the firm for the year 2017-18 has been assessed by the Assessing Authority vide order no. 1229/2017-18, dated 31-01-2019 allowing excess ITC of Rs. 23114/- in VAT. The dealer availed Tran-1 claim amounting to Rs. 402154/-. Hence, the dealer has availed excess Trans-1 of Rs. 379040/-.

DRC-01 vide reference no ZD060323009914L dated 06.10.2023 has been issued to the Taxpayer for recovery of Excess ITC. The dealer has partially deposited the amount of Rs. 2,80,000/- vide DRC-03 reference No AD060423009734A dated 25.04.2023. Copy of DRC-03 and DRC-01 are enclosed herewith for ready reference.

Since proceedings in the matter have already been initiated, it is requested that the para may please be dropped.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 633  
 Name of Firm : M/s Amtek Auto Ltd.  
 GSTIN : 06AAGCA4447E6ZS  
 A.Y. : 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
16238422	0	16238422	12/12/2017	31/03/2021	1215	12972942	29211364

#### **Reply**

It is submitted that the objection raised by Audit in case of M/s Amtek Auto Ltd GSTIN 06AAGCA4447E6ZS has been examined by the Assessing Authority. The dealer is engaged in the business of manufacturing of Auto Parts. Presently, as of now, the dealer is cancelled with effect from 07.10.2022 and non-functional.

#### **Audit objection raised by the audit is admitted.**

**Further,** it is intimated that the original assessment for the year 2017-18 of the dealer was framed vide order no. 722 dated- 08.07.2019 and excess ITC for Rs. 1,61,61,821/-/- has been allowed in rectification order dated 19-08-2022. Therefore, the dealer has claimed excess ITC of Rs.76600/- in TRAN-1. Recovery proceedings have been initiated against the dealer under the Haryana Value Added Tax Act, 2003 and recovery notice has been issued to the dealer. Hence, para may please be settled.



AUDIT PARA NO.	Name of the firm along with GSTIN	AUDIT PARA	REPLY						
2.11.8.3.1(A) Sr. No. 596 A.Y. 2017-18	M/s. Jai Paras Trading GSTIN 06BKQP0713A1ZW	<p>During scrutiny of case files of the under mentioned dealer it was noticed that dealers carried forward excess amount of VAT in his Tran-1.</p> <table><tr><td>Tran-1 claim</td><td>Eligible claim</td><td>Excess claim</td></tr><tr><td>85907</td><td>42662</td><td>43245</td></tr></table> <p>Allowing excess carried forward of ITC in Tran-1 and non-verification of actual entitlement credit resulted in excess carried forward of ITC. Matter is referred to the assessing authority for reply/comment and taking action as per the provisions of act along with interest, If any</p>	Tran-1 claim	Eligible claim	Excess claim	85907	42662	43245	<p><b>The audit para is not admitted.</b> In reply to Audit para it is stated that original assessment of the case for 2017-18(1st Quarter) was framed on 09.05.2019 and an excess carried forward of Rs. 42662/- was allowed to the dealer. But consequently audit para was raised by audit party that the dealer has claimed excess claim of Rs. 43245/- in tran-1.</p> <p>In reference to the audit objection <b>the dealer has submitted an application</b> that carry forwarded of <b>ITC for AY 2016-17 of Rs. 52566/- was not taken into consideration</b> at the time of assessment of AY 2017-18.</p> <p><b>After examining the record and dealer's request original order dated 09.05.2019 was rectified</b> and allowed ecf of Rs. 95228/- Copy of assessment order (for 2016-17,2017-18 and order of rectification) attached. <b>So after rectification</b> of order dated 09.05.2019 <b>Excess</b> Carry Forwarded <b>of Rs. 9321/- is left</b> after taking carry forward in tran-1 of Rs. 85907/-. Copy of the rectified order is also attached herewith.</p> <p>So the audit para may kindly be dropped.</p>
Tran-1 claim	Eligible claim	Excess claim							
85907	42662	43245							

**CAG Report 2020-21**

Para No. 2.11.8.3.1(a)

Sr. No. as per CAG Report. 1

Name of the Firm: SPLENDOR LAND BASE LTD

TIN: 06861830066

GSTIN: 06AAECA3986E1ZP

Assessment Year: 2017-18

**Audit Objection**

**Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
12391957.44	0	12391957.44	27.12.2017	31.03.2021	1190	9696282	22088239.44

#### Reply of Para

M/s SPLENDOR LAND BASE LTD (06AAECA3986E1ZP) is active under GST Act and nature of business is Service provider as construction service/works contract and a live dealer. The para raised by audit party is admitted. As per audit para, the ineligible ITC of Rs. 12391957/- was claimed in TRAN-1 by the dealer.

In response to the audit para, it is submitted that the demand of Rs. 26828588/- (Tax Rs.12391957/-, Interest Rs. 13197435/-, Penalty Rs. 1239196/-) was created through FORM DRC-07 for the claim of ineligible ITC in Tran-1, vide Ref. No. ZD060523019870J on dated 30.05.2023.

#### CAG Report 2020-21

##### Para No. 2.11.8.3.1(a)

Sr. No. as per CAG report. 60

Name of firm :Ridhi Sales Corporation

GSTIN : 06ENYPS4695L1ZM

Assessment Year- 2017-18

#### Audit Objection

##### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
14124679.93	0	14124679.93	27.12.2017	31.03.2021	1190	11052078	25176757.93

**Reply of Para**

In response to the audit para, it is intimated that the taxpayer is migrated dealer under GST with GSTIN- 06ENYPS4695L1ZM. The taxpayer is service provider and deals in commercial trading & coaching, IT software and the firm has been suo-moto cancelled. The dealer is non-existent and a complaint bearing No. 208 dated 12.02.2019 has already lodged against the same in Police Station.

Further, an additional demand worth Rs. 448595248/- has been created under HVAT Act, 2003 for the year 2016-07 and 2017-18 vide order dated 04.01.2019 and 09.04.2019 (rectified vide order dated 13.05.2022) respectively.

**CAG Report 2020-21**

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	70
Name of Firm	:	M/s Rajiv Motors Workshop Gurugram (West)
GSTIN	:	06AAEPY8129L1Z2
A.Y.	:	2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
232082	0	232082	27-12-2017	31-03-2021	1190	181596	413678

**Reply**

It is submitted that the objection raised by Audit has been examined by the Assessing Authority. The dealer is service provider in PARTS AND ACCESSORIES OF THE MOTOR VEHICLES. Presently the dealer is existing and functional. Audit objection raised by the audit team is admitted. Tran-1 amount of Rs. 232082/- alongwith interest was assessed during the assessment proceeding under HVAT Act, 2003 for the A.Y. 2017-18 vide order No. 391 dated 26.03.2021 wherein a total demand (including interest) of Rs.981328/- was created under HVAT Act, 2003. The above demand was transferred U/s 142(8)(a) under HGST/CGST Act, 2017 and was uploaded in form DRC-07A under Rule 142 A in the Electronic Liability Register for recovery. ITC Rs. 16137/- available in the Electronic Credit Ledger (State Tax) which was set off on dated

14.09.2023 and ITC Rs. 33270/- is set off from Electronic Credit Ledger on dated 12.10.2023. Hence, total Rs.49407/- is set off. Balance amount will be recovered in due course of time when ITC will be available in the Electronic Credit Ledger of the taxpayer. (Copies of recovery proof and assessment order under HVAT Act, 2003 are enclosed).

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 72  
 Name of Firm : M/s TS Realtech Pvt. Ltd. Gurugram (West)  
 GSTIN : 06AADCK3222C1Z7  
 A.Y. : 2017-18

**Audit Objection**

**Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
9064593	0	9064593	23-10-2017	31-03-2021	1255	7480152	16544745

**Reply**

It is submitted that the objection raised by Audit team has been examined by the Assessing Authority. The dealer is engaged in manufacturing of LUMINAIRES AND LIGHTING FITTINGS INCLUDING SEARCHLIGHTS AND SPOTLIGHTS AND PARTS THEREOF. Presently, as of now, the dealer is existing and functional. Audit objection raised by the audit team is admitted. Taxpayer has reversed ITC Rs.9064593/- for wrong claim of TRAN-1 credit in its GSTR-3B of April-2023 on dated 20.05.2023. Notice in form DRC-01 U/s 73(1) of HGST/CGST Act, 2017 is issued to the taxpayer on dated 18.09.2023 for 18.10.2023 for payment of interest Rs.8964882/- for wrong utilization of above TRAN-1 credit amount. Order in form DRC-07 U/s 73 (9) of HGST Act, 2017 was issued to the taxpayer on dated 19.10.2023 to pay interest Rs. 8964882/- (Copy of DRC-07 and GSTR-3B of April-2023 are enclosed). At present there is no balance in Electronic Cash Ledger of the taxpayer to recover interest amount. .

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 83  
 Name of Firm : M/s Sky Max Ind. P. L. Gurugram (West)  
 GSTIN : 06AASCS5043E1Z9  
 A.Y. : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
3787567	2133522	1654045	23-12-2017	31-03-2021	1194	1298584	2952629

**Reply**

It is submitted that the objection raised by Audit has been examined by the Assessing Authority. The dealer is engaged in the business of manufacturing of SCREWS, BOLTS, NUTS, COACH-SCREWS, SCREW HOOKS, RIVETS, COTTERS, and COTTER-PINS. Presently, as of now, the dealer is existing and functional. Audit objection raised by the audit is admitted. The taxpayer has claimed excess amount of Rs.1654045/- in the Tran-1. Recovery proceedings have been initiated against the taxpayer. DRC-07 has been issued to the taxpayer vide reference No. ZD061123000806W dated 02.11.2023. In view of the above, the para may please be settled.

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 94  
 Name of Firm : M/s Dhankar Enterprises Gurugram (West)  
 GSTIN : 06BKSPA1017L1Z9  
 A.Y. : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
193682	182848	10834	29-08-2017	31-03-2021	1310	9332	20166

**Reply**

It is submitted that the objection raised by Audit in case of M/s Dhankar Enterprises, Gurugram GSTIN 06BKSPA1017L1Z9 has been examined by the Assessing Authority. Audit para is admitted. Demand of Rs.30166/- (Tax : 10834, Interest : 9332 Penalty: 10000 ) is created by issuing DRC-07 on dated 31-08-2022 (copy enclosed ). As the proper officer has issued the relevant order, it is requested that para may be settled please.

**CAG Report 2020-21**

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	95
Name of Firm	:	M/s SK and Company Gurugram (West)
GSTIN	:	06DSSPM8750E1Z8
A.Y.	:	2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
3257744	0	3257744	28-09-2017	31-03-2021	1280	2741860	5999604

**Reply**

It is submitted that the objection raised by Audit in case of M/s SK and Company Gurugram (West) GSTIN 06DSSPM8750E1Z8 has been examined by the Assessing Authority. The dealer is engaged in the business of trading of garments etc and cancelled now. Audit objection raised by the audit is admitted partially.

The amount Rs. 3257744/- taken in TRAN-1 was not utilized by the taxpayer so interest is not applicable and the actual amount was recovered/settled through DRC-07 vide reference no. DI0609220078427 dated 19.09.2022. Hence para may be settled (copy enclosed).

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report: 104  
 Name of Firm: M/s Bhagwati Trading Co. Gurugram (West)  
 GSTIN : 06BLSPB6833N1ZK  
 A.Y.: 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
463098	450426	12672	23-10-2017	31-03-2021	1255	10457	23129

**Reply**

It is submitted that the objection raised by Audit team has been examined by the Assessing Authority. The dealer was whole sale trader of PREPARED FOODS OBTAINED BY THE SWELLING OR ROASTING OF CEREALS OR CEREAL PRODUCTS and cancelled on 22.03.2019. Audit objection raised by the audit is admitted. Taxpayer has claimed ineligible ITC 12672/- in Tran-1. Notice in form GST DRC-01 U/s 74(1) of HGST/CGST Act, 2017 is issued to the taxpayer on dated 04.09.2023 for 04.10.2023 for excess claim of ITC Rs. 12672/-. Order in form DRC-07 U/s 74(9) of HGST/CGST Act, 2017 is issued on 10.10.2023 to the taxpayer to pay tax Rs. 12672/-, interest Rs.17825/- and penalty Rs. 12672/- under HGST Act, 2017. Tax amount of demand Rs. 12672/- is set off on dated 24.11.2023 from the Electronic Credit Ledger. Pending amount pertains to interest and penalty. There is no balance in Electronic Cash Ledger of the taxpayer and hence, interest and penalty could not be recovered. Registration of the taxpayer is cancelled on 22.03.2019. (Copy of DRC-07 and proof of recovery are enclosed herewith).

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report: 112  
 Name of Firm: M/s Starway Trading Co. Gurugram (West)  
 GSTIN : 06BVCPS3431B1Z0  
 A.Y.: 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
756290	0	756290	27-12-2017	31-03-2021	1190	591771	1348061

**Reply**

It is submitted that the objection raised by Audit has been examined by the Assessing Authority. The firm is engaged in trading of FERROUS WASTE AND SCRAP. The dealer is non-functional and non-existent. The objection raised by the audit is admitted.

The taxpayer has wrongly claimed an amount of Rs. 756290/- in the Tran-1. The taxpayer has not utilized the ITC and the same has been blocked on 11.12.2018. ITC has been again blocked on 18.04.2022 and 30.03.2023. DRC-07 has been issued to the taxpayer vide reference No. ZD0611230133441 dated 21.11.2023. It is therefore requested that the para may be settled

**CAG Report 2020-21**

Para No. :	2.11.8.3.1 (a)
Sr. No. as per CAG Report:	114
Name of Firm:	M/s Amtek Auto Ltd Gurugram (West)
GSTIN :	06AAGCA4447EAO
A.Y.:	2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
5353466	0	5353466	16-12-2017	31-03-2021	1201	4227625	9581091



**Reply**

It is submitted that the objection raised by Audit in case of M/s Amtek Auto Ltd GSTIN 06AAGCA4447EAOZ has been examined by the Assessing Authority. The dealer is engaged in the business of manufacturing of ferrous waste and scraps and closed. The para is admitted. The audit party raised an objection that M/s Amtek Auto Ltd GSTIN 06AAGCA4447EAOZ has claimed excess ITC Rs.5353466/- in TRAN-1. The firm went in NCLT, now Order DRC-07 is issued to the taxpayer on dated 05.12.2023 u/s 74 of CGST/HGST Act, 2017 raising additional demand of Rs.14934557/- (Tax Rs.5353466/- + Penalty Rs.5353466/- and interest Rs.4227625/-).Therefore, it is requested that para may be settled.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report: 115  
 Name of Firm: M/s AT Plastotech Pvt. Ltd. Gurugram (West)  
 GSTIN : 06AAFCA7115C1Z7  
 A.Y.: 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
261656	218096	43560	25-12-2017	31-03-2021	1192	34142	77702

**Reply**

It is submitted that the objection raised by Audit in case of M/s AT Plastotech Pvt. Ltd., Gurugram GSTIN 06AAFCA7115C1Z7 has been examined by the Assessing Authority. Audit para is admitted. Demand of Rs.83368/- (Tax: 41093 Interest : 32275 and penalty : 10000) is created by issuing DRC-07 on dated 31-08-2022 (copy enclosed). As the proper officer has issued the relevant order, it is requested that para may be settled please.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report: 116  
 Name of Firm: M/s Kamdhenu Overseas Gurugram (West)  
 GSTIN : 06BBYPJ7136A1ZK  
 A.Y.: 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
59213576	0	59213576	10-10-2017	31-03-2021	1268	49369522	108583098

**Reply**

It is submitted that the objection raised by Audit has been examined by the Assessing Authority. The firm is engaged in trading in telephone sets, hand tools, ferrous waste and scrap. Presently, as of now, the firm is not functional. The objection raised by the audit is admitted.

The taxpayer has wrongly claimed an amount of Rs. 59213576/- in the Tran-1. The firm pertains to Central Jurisdiction. DRC-07 has been issued to the taxpayer vide reference no. ZD061023011610A dated 18.10.2023. It is therefore requested that the para may be settled.

**CAG Report 2020-21**

Para No. :	2.11.8.3.1 (a)
Sr. No. as per CAG Report:	133
Name of Firm:	M/s. Uma Traders, Gurugarm (E)
GSTIN :	06ASXPK0088M1Z0
A.Y.:	2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
423878034	0	423878034	9/7/2017	3/31/2021	1301	362607335	786485369

**Reply**

The dealer was trader of plywood and migrated into GST Act, 2017 and the registration under GST Act of the dealer was cancelled w.e.f. 31.03.2021. The dealer was non existing dealer and FIR has been lodged against the dealer (Copy enclosed). The audit para is admitted. In reply to audit it is intimated that audit has pointed out the dealer has claimed ineligible ITC of ` 423878034/- in TRAN-1 and the interest `362607335/- has been calculated by the audit. However it is also intimated that the above claimed ineligible ITC of `422344649/- was blocked by the Proper Officer and amount could not be utilized by the dealer. Hence the Interest on the ITC of `423878034 claimed in TRAN-1 was not applicable. The ineligible ITC claimed in TRAN-1 of `422344649/- has been unblocked and recovered by the Proper Officer on dated 28.12.2022 vide payment reference no IP0612220009291(copy of credit ledger attached). Recovery proceeding to recover the balance amount of Rs. 1533385/- has been initiated and DRC-07 has been issued to the dealer. In view of the above facts the audit may please be dropped.

**CAG Report 2020-21**

Para No: : 2.11.8.3.1(a)  
 Serial No. as per CAG Report : 137  
 Name of the dealer : M/s Mahaveer Enterprises  
 TIN : 06871842758/06FUQPS5345F1Z3  
 Assessment Year : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not consider in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
36412694	0	36412694	12/07/2017	03/31/2021	1210	28970538	65383232

**Reply**

It is hereby submitted that the above mentioned dealer is engaged in the business of Trading. The dealer has migrated into GST and its current status is cancelled dated 24.04.2019. In reply to the audit objection, It is submitted that the original assessment of the dealer was framed Was framed on dated 12.02.2021 vide D. No. 93 and there was a demand of Rs. 1,52,000/- under HVAT act 2003 and also a demand of Rs. 6,42,21,796/- under CST Act, 1956. The Taxpayer has claimed wrong Tran-1 of Rs. 3,6412,694/-. By

taking cognizance of this a Demand Order vide DRC-07 has been raised in favour of M/s Mahaveer Enterprises for wrong taken TRAN-1 of Rs. 3,64,12,694/- with interest of Rs. 2,83,95,916/- and a penalty of Rs. 36412964/- u/s 74(9) of CGST/SGST Act, 2017 read with section 20 of IGST Act, 2017.

#### **CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)- Rs.115.28 Lakh

Carry Forward of Excess Transitional Credit of VAT and Interest thereon

M/s Rolex Tradex Pvt. Ltd.

Sr. No. as per CAG Report- 171

GSTIN- 06AAFCR6328G1ZD

Assessment Year- 2017-18

#### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/sRolex Tradex Pvt. Ltd.**

carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs.21451298/-.

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
11528541	0	11528541	30-08-2017	31-03-2021	1309	9922757	21451298

#### **Audit Reply**

In reply to Audit Memo, it is submitted that the firm is doing the business of trading of bread, pastry, cakes, biscuits and other bakers wares at Gurugram. The Audit has pointed out that the dealer has carried forwarded excess amount of VAT credit of Rs.11528541/- in Tran-I for his actual credit balance as per assessment order of the A/Y 2017-18. In this regard, it is submitted that that original assessment case for the year

2017-18 was framed by the then Assessing Authority vide D.No.63/2017-18 dated 30.03.2021 and as per this assessment order no excess carry forward under HVAT Act, 2003 was allowed and created an additional demand of Rs.2412504 under HVAT Act, 2003. **(Copy of assessment order for the year 2017-18 is enclosed).**

Verification in respect of Tran-1 statement is made which reveals that the dealer has claimed Transactional Credit of Rs.11525841/- in Tran-1 filed as per Column 2 of Table 5C and as per VAT R-1 return and the dealer has not filed VAT R-2 return for the year 2017-18. Hence, the dealer has claimed excess ITC of Rs.11528541/-under SGST Act, 2017 while migrating in to GST regime.

**The Audit Para is admitted and The taxpayer is active.**

In this regard, it is submitted that the proceedings have been initiated against the taxpayer and Notice in form DRC-01 under Section 74 of the SGST Act, 2017 was issued to the taxpayer vide Reference No. ZH0609190003411 dated 01-09-2019. The taxpayer has not filed any reply in this regard. Proceedings have been initiated against the taxpayer. Now DRC-07 vide Ref. ZD0605230180130 dated 28.05.2023 issued to the dealer for recovery outstanding amount **(copy of DRC-07 is attached herewith)**. Sincere efforts are being made to recover the balance amount.

Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has already been taken.

Hence, it is requested that the para may kindly be dropped.

**Para No.2.11.8.3.1(a)**

**Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs.8537978/-**

**M/s Shree Radhey Trading Co.**

**Sr. No. 174**

**GSTIN-06BLPPG8326N1ZI**

**Assessment Year:-2017-18**

**Audit Objection**

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) if CGST Act, 2017 read with sub-section (10) if section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in Tran-1, it was noticed that the 104 dealers (Annexure enclosed) carried forwarded excess amount of VAT credit in Tran-1 for his actual credit balance as per assessment order of 2017-18. Thus, allowing excess carried forward of ITC in Tran-1 without verification of actual entitlement of transitional credit resulted in excess carried forward

of ITC. Matter has been brought to Act, for recovery of ITC along with interest amounting to Rs.8537978/-

Amount carried forwarded in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
4797060	0	4797060	31-12-2017	31-03-2021	1186	3740918	8537978

#### Audit Reply

In reply to the Audit Memo, it is submitted that the firm is doing the business of trading and traders in grocery items like Rice semi-milled or whilly-milled rice, whether or not polished or glazed: basmati rice, ginger, saffron, turmeric (curcuma), thyme, bay leaves, curry and other spices, cane or beet sugar and chemically pure sucrose at Gurugram. The audit has pointed out that the dealer has carried forwarded excess amount of VAT credit of Rs. 4797060/- in Tran-I for his actual credit balance as per assessment order of the A/Y 2017-18. In this regard, it is submitted that the original assessment case for the year 2017-18 was framed by the then Assessing Authority vide D.No. 52/2017-18 dated 19.03.2021 and as per this assessment order no excess carry forward under HVAT Act, 2003 was allowed and credited an additional demand of Rs. 14901639/- under HVAT Act, 2003 and Rs. 328680/- under CST Act, 1956 **(Copy of assessment order for the year 2017-18 is enclosed)**

Verification in respect of Tran-1 statement is made which reveals that the dealer has claimed Transactional Credit of Rs. 4797060/- in Tran-1 filed as per Column 2 of Table 5C and as per VAT R-1 return and the dealer has not filed VAT R-2 return for the year 2017-18. Hence, the dealer has claimed excess ITC of Rs.4797060/- under SGST Act, 2017 while migrating in to GST regime.

**The audit para is partly admitted as the audit has calculated interest @ 24% whereas interest u/s 50 (3) of HGST/CGST Act, 2017 is calculated at the rate of 18%. The firm is cancelled and closed.**

In this regard, it is submitted that the proceedings have been initiated against the taxpayer and Notice in form DRC-01 under section 74(1) of the SGST, Act, 2017 was issued to the taxpayer vide Reference No. ZD060222005787K dated 25-02-2022. The taxpayer has not filed any reply in this regard. Proceedings have been initiated against the taxpayer and it is found that the taxpayer is having balance ITC of Rs.6335765/- in electronic credit ledger hence out of which an amount of Rs.4797060/- is recovered vide Ref. No. ZD061022014011J dated 18.10.2022 by issuing DRC-07 and balance of Rs.1538705/- is blocked **(copy of electronic credit ledger is attached herewith)**. Sincere efforts are being made to recover the balance amount.

Since the necessary action for the protection of Govt. revenue has been taken, it is requested that the para may please be dropped.

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon- Rs18582103/-

M/s Shri G L Traders

Sr. No. as per CAG Report - 176

GSTIN-06ACKFS6521J1ZV

Assessment Year- 2017-18

### Audit Objection

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/sShri G L Traders** carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. **18582103/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
10363773	0	10363773	11.12.2017	31.03.2021	1206	8218330	18582103

### Audit Reply

In reply to the audit para, it is submitted that the firm is doing the business of trading of garments, made up of fabrics at gurugram. It is submitted that the dealer has carried forward VAT Credit Worth Rs. 10363773/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. Nil/-. Hence, the taxpayer has claimed excess ITC of Rs. 10373763/-in TRAN-1.

**The audit para is partly admitted as the audit has calculated interest @ 24% whereas interest u/s 50 (3) of HGST/CGST Act, 2017 is calculated at the rate of 18%. The taxpayer is functional and active.**

Notice u/s 142 (8) of HGST Act, 2017 has been served upon the taxpayer. **(Copy of Notice is enclosed)**& Rs.21.56 lacs has been recovered from the credit ledger through DRC-07A **(copy enclosed)**.

Since the necessary action for the protection of Govt. revenue has been taken, it is requested that the para may please be dropped.

**CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon-  
Rs.644516/-

M/s Elevate HVAC Eng.

Sr. No. as per CAG Report. 177

GSTIN-06AACFE3274A1Z0

Assessment Year- 2017-18

**Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s Elevate HVAC Eng.**

carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 644516/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
362121	0	362121	25-09-2017	31-03-2021	1283	305491	667612

**Audit Reply**

In reply to Audit Para, it is submitted that the firm is doing the business of Wholesale trading of Refrigeration Plant, Air Conditioning etc.at Gurugram.

The assessment case for the year 2017-18 was assessed under Section 15(1) of the HVAT Act, 2003 and CST Act, 1956 by the then Assessing Authority vide D. No. 23/2017-18 dated **02.03.2021** and as per this assessment order and demand of Rs. Nil under HVAT Act, 2003 and of Rs. Nil under CST Act, 1956 was created. As per Tran-1 statement of the dealer the dealer has claimed Transactional Credit of Rs. 362121/-.



In reply to Audit Para, it is submitted that the Recovery proceedings has been initiated against the dealer and DRC-01 A & DRC-01 have already been to the Taxpayer to recover the outstanding amount alongwith interest and penalty. It is further submitted that the Audit has calculated interest @ 24%. This interest rate is as per Section 50(3) of the CGST/SGST Act, 2017. This interest was to be applicable after Govt. Notification. However, the Govt. has not notified this interest rate. Hence, applicable interest rate is @18% and therefore, Interest has been calculated @18% in DRC-07. This resulted in difference between the Interest amount calculated by the Audit and Interest amount calculated in DRC-07. Now, DCR-07 has issued to the Taxpayer. **(Copy of order is enclosed)**

Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has already been taken.

Hence, it is requested that the para may kindly be dropped.

Para No. 2.11.8.3.1(a)-Rs. 32.73 Lakh

Carry Forward of Excess Transitional Credit of VAT and Interest thereon

M/s Vishwam Polymers Pvt. Ltd.

Sr. No. as per CAG Report- 184

GSTIN- 06AAFCV2313P1Z5

Assessment Year- 2017-18

#### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/sVishwam Polymers Pvt. Ltd.** carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. 32.73 Lakh.

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
2262562	484250	1778312	29-09-2017	31-03-2021	1279	1495536	3273848

### **Audit Reply**

In reply to Audit Memo, it is submitted that the firm is doing the business of trading of polyacetals, other polyethers and epoxide resins, in primary forms at Gurugram. The Audit has pointed out that the dealer has carried forward excess amount of VAT credit of Rs.2262562/- in Tran-I and actual credit balance as per assessment order for the A/Y 2017-18 was Rs.4,84,250/-. Hence, the dealer has claimed Excess ITC of by Rs. 1778312/- in TRAN-1. **(Copy of assessment order for the year 2017-18 is enclosed).**

**The Audit Para is admitted. The taxpayer is found active and functional.**

In this regard, it is submitted that the proceedings have been initiated against the taxpayer and Notice in form DRC-01A under Section 73 (1) of the SGST Act, 2017 was issued to the taxpayer. **(Copy of Notice is enclosed).** The taxpayer has submitted the reply that the Assessing Authority has disallowed the ITC on account of mismatch and also requested for Rectification of the order. After examination, the Scrutiny Proceedings have been initiated against the taxpayer and the case was taken for scrutiny on Suo-Moto basis for the period 2017-18. Accordingly, Notice in Form DRC-01 under Section 73(1) of the CGST/HGST Act, 2017 was issued vide Reference No. ZD060923019072N dated 23-09-2023 **(Copy of DRC-01 Notice is enclosed).** The taxpayer has submitted the reply that the ITC was not fully utilized for the period for which the Audit has pointed out.

It is further submitted that the Audit has calculated interest amounting to Rs. 14,95,536/- @ 24% from 29-09-2017 to 31-03-2021 (1279 days). This interest rate is as per Section 50(3) of the CGST/SGST Act, 2017. This interest was to be applicable after Govt. Notification. However, the Govt. has not notified this interest rate. Hence, applicable interest rate is @18% and therefore, Interest has been calculated @18% in DRC-07. Also, after examination of Electronic Credit Ledger of the taxpayer, it is found that the taxpayer has utilized the claim of short amount of ITC during this period. Hence, the Interest calculation is made on that basis. This resulted in difference between the Interest amount calculated by the Audit and Interest amount calculated in DRC-07. The final Order under Section 73 of the CGST/HGST Act, 2017 is issued and the demand of Rs. 25,40,478/- is created. **(Copy of Order is enclosed).**

Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has already been taken.

Hence, it is requested that the para may kindly be dropped.

### **CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon-  
Rs. 21034565/-

M/s Swastik Ent.

Sr. No. as per CAG Report 38

GSTIN-06AACFS1247F1ZJ

Assessment Year- 2017-18

### Audit Objection

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s Swastik Ent.** carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. **21034565/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
22430037	10611774	11818263	27-12-2017	31-03-2021	1190	9247386	21065649

### Audit Reply

In reply to Audit Para, it is submitted that the firm is doing the business of Trading of Iron Scrap at Gurugram.

The assessment case for the year 2017-18 was assessed under Section 15(3) of the HVAT Act, 2003 and CST Act, 1956 by the then Assessing Authority vide D. No.759/2017-18 dated **29.01.2020** and as per this assessment order an excess carry forward of Rs.10611774/- under HVAT Act, 2003 and an additional demand of Rs. NIL/- under CST Act, 1956 was created. As per Tran-1 statement of the dealer the dealer has claimed Transactional Credit of Rs.22430037/-. The dealer has claimed actual excess ITC of Rs. Rs.11818263/-(Rs.22430037 – Rs.10611774) under SGST Act, 2017 while migrating in to GST regime as per assessment order.

In reply to Audit Para, it is submitted that the Recovery proceedings has been initiated against the dealer and DRC-01 A & DRC-01 have already been to the Taxpayer to recover the outstanding amount alongwith interest and penalty. It is further submitted that the Audit has calculated interest @ 24%. This interest rate is as per Section 50(3) of the CGST/SGST Act, 2017. This interest was to be applicable after Govt. Notification. However, the Govt. has not notified this interest rate. Hence, applicable interest rate is @18% and therefore, Interest has been calculated @18% in DRC-07. This resulted in difference between the Interest amount calculated by the Audit and Interest amount calculated in DRC-07. Now, DCR-07 has issued to the Taxpayer. **(Copy of order is**

**enclosed**). Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has already been taken.

Hence, it is requested that the para may kindly be dropped.

**CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon-  
Rs. 658779

M/s Highsky Automation P. L.

Sr. No. as per CAG report-193

GSTIN-06AACCH8164P1Z1

Assessment Year- 2017-18

**Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s**Highsky Automation P. L.

carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs**658779/-.

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
418521	48386	370135	23-10-2017	31-03-2021	1255	305437	675572

**Audit Reply**

In reply to the audit para, it is submitted that the dealer is engaged in Manufacturing of Boards, Panels, consoles, desks, Cabinets Electrical transformers and Static converters. The dealer has carried forward VAT Credit Worth Rs. 418521/- in his

electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. 48336/-. Hence, the taxpayer has claimed Excess ITC of Rs.370135 in Tran-1.

**The audit para is admitted. The firm is functional & active**

Proceeding initiated against the taxpayers. DRC-01 A& DRC-01 have already been issued to the Taxpayer to recover the outstanding amount along with interest and penalty. It is further submitted that the Audit has calculated interest @ 24%. This interest rate is as per Section 50(3) of the CGST/SGST Act, 2017. This interest was to be applicable after Govt. Notification. However, the Govt. has not notified this interest rate. Hence, applicable interest rate is @18% and therefore, Interest has been calculated @18% in DRC-07. This resulted in difference between the Interest amount calculated by the Audit and Interest amount calculated in DRC-07. Now, DCR-07 has issued to the Taxpayer. (**Copy of order is enclosed**) ( Tax-370135 + Interest- 402337 + Penalty- 37014 = 809486 ).

Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has already been taken.

Hence, it is requested that the para may kindly be dropped.

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon

M/s Rishi Packaging Udhog Gurgaon

Sr. No. as per CAG Report- 201

GSTIN- 06ANYPK2372A1ZZ

Assessment Year- 2017-18

**Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s Rishi Packaging Udhog Gurgaon**

carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of

ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 499068**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
280401	0	280401	31-12-2017	31-03-2021	1186	218667	499068

#### **Audit Reply**

In reply to Audit Memo, it is submitted that the firm is doing the business of Manufacturer Real estate Services Recovered (waste and scrap) paper or Paperboard, Cartons, Boxes. The Audit has pointed out that the dealer has carried forward VAT Credit Worth **Rs. 280401/-** in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The excess carry forward as per assessment order is NIL. The audit has pointed out that the eligible claim of ITC was Rs. Nil. and the taxpayer has claimed excess ITC in TRAN-1.

#### **The Audit Para is admitted and the taxpayer is active**

In reply to audit objection it is submitted that original assessment of M/s Rishi Packaging Udyog having TIN 06431921240 and GSTIN 06ANYPK2372A1ZZ was framed by the then AA on 21.11.2019 vide disposal no. 672 and allowed ECF amounting to Rs. 115186/- under HVAT Act, 2003.

The dealer has filed TRAN-1 on date 22.11.2017 and claimed ITC of VAT under SGST head amounting to Rs.280401. The transitional ITC was claimed as per section 140(1) of Haryana Goods & Services Tax Act as credit of amount of value added Tax, if any, carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner, as may be prescribed.

The registered dealer i.e. M/s Rishi Packaging Udyog was having VAT excess of Rs. 280401/- as per return of the period ending with the day immediately preceding the appointed day i.e. for 01.04.2017 to 30.06.2017 i.e. VAT R1 (Copy of return in the form VAT R1 is enclosed for reference). Hence transitional credit was claimed rightly in Tran-1 filed by the registered taxpayer.

Further it is stated that during assessment an excess of Rs. 115186/- was allowed as per the assessment order. Therefore for the excess claim of Rs.165215/-(280401-115186) in TRAN-1, notice was issued to the registered taxpayer vide letter no. 2992 dt.08.10.2021 and reference no. ZD0603220000962 dt. 02.03.2022. No reply to the notice was received hence demand is created on the portal by issuing order in the form of **DRC 07 vide reference no ZD0603220092490 dated 30.03.2022.(copy enclosed)**

Order have been issued in the form DRC-07 to the taxpayer for the recovery of outstanding amount including interest and penalty. Total demand of Rs.280401 under SGST Tax, Interest Rs.210300 and Penalty of Rs.280401/- raised vide order dated 30.03.2022. Outstanding Demand amounting to Rs.78243 under has been recovered vide payment reference no. IP0612220002698 dated 15.12.2022 and IP0606220001390 17.06.2022.

The taxpayer applied for rectification of the said order on dated 27.01.2023 and case has been rectified vide order reference no. ZD0610230038007 dated 06.10.2023 and demand is reduced to Rs.256534/- (Copy of rectified order/DRC08 is enclosed for reference)

Audit will be intimated when the recovery proceedings will be completed.

**CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon-  
Rs. 341371

M/s Mehta Sales Corp.

Sr. No. as per CAG report- 43

GSTIN- 06AMMPK4646C1Z4

Assessment Year- 2017-18

**Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s** Mehta Sales Corp. carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. 341371/-

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest
191799	0	191799	27-12-2017	31-03-2021	1190	150076

**Audit Reply**

In reply to the audit para, it is submitted that the dealer is engaged in Retail business of paints and Varnishes (including Enamels and Lacquers) based on synthetic polymers or chemically modified natural polymers. The dealer has carried forward VAT Credit Worth Rs. 191799/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. Hence, the taxpayer has claimed excess ITC of Rs. 191799/-.

**The audit para is admitted. The firm is closed.**

Proceeding initiated against the taxpayers, DRC-01 A & DRC-01 have already been issued to the Taxpayer to recover the outstanding amount along with interest and

penalty. It is further submitted that the Audit has calculated interest @ 24%. This interest rate is as per Section 50(3) of the CGST/SGST Act, 2017. This interest was to be applicable after Govt. Notification. However, the Govt. has not notified this interest rate. Hence, applicable interest rate is @18% and therefore, Interest has been calculated @18% in DRC-07. This resulted in difference between the Interest amount calculated by the Audit and Interest amount calculated in DRC-07. Now, DCR-07 has issued to the Taxpayer. (**Copy of order is enclosed**) (Tax-191799 +Interest-208486 +Penalty- 19180 = 419465).

Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has already been taken.

Hence, it is requested that the para may kindly be dropped.

#### **CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon-  
Rs. 1412492

M/s Sanmati Industries

Sr. No. as per CAG report-45

GSTIN-06AHFPJ5534Q1ZX

Assessment Year- 2017-18

#### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s**Sanmati Industries carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual



entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs. 1412492.

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
792437	0	792437	27-12-2017	31-03-2021	1190	620055	1412492

### Audit Reply

In reply to the audit para, it is submitted that the dealer is engaged in Ferrous waste and scrap and remelting scrap ingots of iron or steel waste and scrap of alloy steel. The dealer has carried forward VAT Credit Worth Rs. 792437/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. Hence, the taxpayer has claimed ITC of Rs. 792437.

### The audit para is admitted. The firm is functional & active.

Proceeding initiated against the taxpayers. DRC-01 A & DRC-01 have already been issued to the Taxpayer to recover the outstanding amount alongwith interest and penalty. It is further submitted that the Audit has calculated interest @ 24%. This interest rate is as per Section 50(3) of the CGST/SGST Act, 2017. This interest was to be applicable after Govt. Notification. However, the Govt. has not notified this interest rate. Hence, applicable interest rate is @18% and therefore, Interest has been calculated @18% in DRC-07. This resulted in difference between the Interest amount calculated by the Audit and Interest amount calculated in DRC-07. Now, DCR-07 has issued to the Taxpayer. **(Copy of order is enclosed)** (Tax- 792437+ Interest-861379 + Penalty-79244 = 1733060 (Total)).

Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has already been taken.

Hence, it is requested that the para may kindly be dropped.

### Reply to Para No. 2.11.8.3.1 (a)

Carry Forward of excess transitional credit of VAT and Interest thereon—3.10 Lakh

M/s Dev Interior and Decorators, Gurugram,

Sr. No. as per CAG Report- 224

GSTIN - 06BDOPS4028N1ZX

Assessment year – 2017-18

### Audit Objection

As per provision of Section 140 of CGST Act, 2017, a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return

relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that, the registered person shall not be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input tax credit under 50(3) of CGST Act, 2017 read with sub section 10 of section 42 or undue or excess reduction in output tax liability under sub section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendation of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that the M/ **Dev Interior and Decorators, Gurugram** carried forwarded excess amount of vat credit in Tran-1 for his actual credit balance as per assessment order of 2017-18. Thus, allowing excess carried forward of ITC in Tran-1 without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC alongwith interest amounting to Rs. 310898/-.

#### **Reply**

In reply to Audit Para, it is submitted that the taxpayer has migrated into GST regime and doing the business of interior work in Gurugram. The audit party has raised objection that the dealer has carried forwarded excess amount of VAT credit in TRAN-1 for his actual credit balance as per assessment order for the year 2017-18. The dealer has claimed of Rs. 166673/- in TRAN-1 on dated 23-08-2017. Thus, allowing excess carried forward of ITC in TRAN-1 without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of assessing authority for taking action as per the provision of Act, for recovery of ITC alongwith interest amounting to Rs. 310898/- (**ITC Rs. 166673 + Interest Rs. 144225**).

In reply to the audit objection, it is submitted that the original assessment for the year 2017-18 of the firm was framed by the then Assessing Authority on 26-11-2019 vide disposal no. 1093 creating demand of Rs. 10825/- under the HVAT Act, 2003 (**Copy enclosed**). On examination of returns in Form VATR-1 and VAT R-2 of the dealer, it is noticed that the dealer has shown excess carried forward of Rs. 166673/- to the next year. But as per assessment order, a demand of Rs. 10825/- was created.

In view of the above, the dealer is not entitled to claim the ITC/ transitional credit of Rs. 166673/- in TRAN-1. The proceedings have been initiated against the dealer by issuing Show Cause Notices to the taxpayer. (**Copy enclosed**). The taxpayer has not submitted any reply of this notice and DRC 01A intimation of tax ascertained u/s 74 (5) of HGST/CGST Act, 2017. Hence, now DRC 01 Notice u/s 74(5) is issued to the taxpayer vide Reference No ZD 060923011203W dated 14.09.2023. The taxpayer has not submitted any reply of this notice. Hence, Order in form DRC-07 is issued vide Reference No. ZD061123014836N dated 22-11-2023 (Copy of Order is enclosed).

Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has already been taken.

Hence, it is requested that the para may kindly be dropped.

**CAG REPORT- 2020-21 (TRAN-1)**

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon

M/s Suave Automation Corp.

Sr. No. as per CAG Report- 225

GSTIN- 06ABYPT9077B2ZW

Assessment Year- 2017-18

**Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/s Suave Automation Corp.**

carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 149939/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
273252	189009	84243	31-12-2017	31-03-2021	1186	65696	149939

**Audit Reply**

In reply to Audit Memo, it is submitted that the firm is doing the business of Manufacturer Electrical Apparatus for switching or protecting electrical circuits,(for example, Switches, Relays, Fuses, Surge Suppressors, Plugs. The Audit has pointed out that the dealer has carried forward VAT Credit Worth Rs. 273252/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs.189009. Thus the taxpayer has claimed excess amount of Rs.84243 through TRAN-1 which is payable along with interest amounting to Rs.65696/- and the taxpayer has claimed excess ITC in TRAN-1.

**The Audit Para is admitted and the taxpayer is active**

In reply to audit objection it is submitted that original assessment of M/s Suave AutomotionCorp.having TIN 06831921020 and GSTIN 06ABYPT9077B2ZW was framed by the then AA on 22.11.2019 vide disposal no. 719 and allowed ECF amounting to Rs. 189009

The dealer has filed TRAN-1 on date 27.12.2017 and claimed ITC of VAT under SGST head amounting to Rs.273252. The transitional ITC was claimed as per section 140(1) of Haryana Goods & Services Tax Act as credit of amount of value added Tax, if any, carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner, as may be prescribed.

The registered dealer i.e. M/s Suave Automotion Corp was having VAT excess of Rs. 273347/- as per return of the period ending with the day immediately preceding the appointed day i.e. for 01.04.2017 to 30.06.2017i.e. VAT R1 and excess of 553201/- as per VATR2. (Copy of return in the form VAT R1 is enclosed for reference).Hence transitional credit was claimed rightly in Tran-1 filed by the registered taxpayer.

Further it is stated that during assessment an excess of Rs. 189009/- was allowed as per the assessment order. Therefore for the excess claim of Rs.84243/-(273252-189009) in TRAN-1, notice was issued to the registered taxpayer vide letter no. 2991 dt.08.10.2021 and reference no. ZD0602220063417 dt.28.02.2022. SCN in the form of DRC 01 vide reference No. ZD060322009276R dated 30.03.2022 is also raised on the portal.(copy enclosed)

**The taxpayer failed to reply to the notice, hence order in the form DRC 07 issued vide reference ZD060623004809D dated 08.06.2023 creating demand of Rs.84243/- under SGST tax, Rs.82632 interest under SGST and Rs. 10000/- as penalty under SGST.**

Audit party will be intimated as and when the proceedings are completed

Sr. no.as per CAG Report	:	248
NameofFirm	:	ChampionTraders, Faridabad(East)
GSTIN.	:	06AQFPK9452R1Z2
A.Y	:	2017-18

**AuditObjection: -**

As per the provisions of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner, as may be prescribed. Provided that the registered person shall not be allowed to take Income Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section 10 of section 42 or under or excess reduction in output tax liability under sub-section10 of section 43, shall pay interest on

such undue or excess claim or on such undue or excess reduction, as the case may be, such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the under mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1.

Sr. No.	Name of Firm	GSTIN	TRAN-1 Claim	Eligible Claim	Excess claim	From	To	Days	Interest	Total
1	Champion Traders	06AQFPK9452R1Z2	110771	0	110771	27-08-2017	31-03-2021	1312	95560	206331

#### Reply of Para:-

In reply to the audit objection, it is submitted that the taxpayer claimed Excess TRAN-1 amounting to Rs. 110771/- in the assessment year 2017-18. DRC-07 of the TRAN-1 amount was issued to the dealer with Reference No: ZD061221006158X on dated 24/12/2021. Tax amount Rs. 110771/- has been recovered from the taxpayer with reference No. DI0605220003069 on dated 03.05.2022. Interest liability not arises as the taxpayer has always credit available in his ECL since 2017-18 till date of recovery i.e. 03.05.2022 (Copy Enclosed). As all the Government revenue has been recovered. Therefore, it is requested to settle the para.

Admitted Yes/No	Commodity		Status Active/Cancelled	Copy of Credit/Cash Ledger attached Yes/No
Yes	HSN	Description	Cancelled	Yes
	21069011, 21069099, 30049011	General Items, Provisional, Goods, Ayurvedic Medicine		

#### Enclosed:- Attachment of Bank account, DRC-07, Assessment Order

Excise & Taxation Officer-Cum	Nodal Officer Audit-Cum	Dy. Excise & Taxation Commissioner(ST)
Proper Officer(State Tax)	Proper Officer(State Tax)	Faridabad(East)
Ward-8, Faridabad(East)	Faridabad(East)	

#### CAG Report 2020-21

Para No.	2.11.8.3.1(a)
Sr. no. as per CAG Report	249
Name of Firm	ROLLATAINER LTD. Faridabad (East)
GSTIN	06AAACR0344K1ZL
Assessment Year	2017-18

#### Audit Objection

As per the provisions of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relating to the period ending with the day immediately preceding the appointed day,

furnished by him under the existing law in such manner, as may be prescribed. Provided that the registered person shall not be allowed to take Income Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section 10 of section 42 or undue or excess reduction in output tax liability under sub-section 10 of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the under mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1.

Sr. No.	Name of Firm	GSTIN No.	TRAN-1 Claim	Eligible Claim	Excess Claim	From	To	Days	Interest	Total
1	ROLLATAINER LTD.	06AAACR0344K1ZL	5669082	0	5669082	26-12-2017	31-03-2021	1191	4439590	10108672

**Reply :-**

It is submitted that the objection raised by the Audit in the case of M/s Rollatainer Ltd., Faridabad, GSTIN- 06AAACR0344K1ZL has been examined by the Proper Officer and the para is admitted. The taxpayer was engaged in the business of Trading/Manufacturing of DISH WASHING MACHINES, MACHINERY FOR AERATING BEVERAGES - PARTS: OF OTHER MACHINERY (HSN-84229090). The current status of the taxpayer is active.

In reply to the audit objection it is submitted that the tax payer has claimed excess TRAN-1 amounting to Rs. 5669082/- in the year 2017-18. DRC-07 for the amount of Rs. 5669082/- vide Reference No. ZA0607190002103 on dated 26.07.2019 has already been issued to the taxpayer and demand created in the Electronic Liability Ledger of the taxpayer. The firm pertains to Center Jurisdiction. Letter was issued to Central Authority vide no. 927/PO/W-1 dated 14.06.2023.No reply received, therefore reminder letter has been sent vide letter No. 2243 dated 18.10.2023 to Central Authority, Faridabad for further recovery proceedings. Hence, it is requested to settle the para.

**CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. no. as per CAG Report	252
Name of Firm	A.E.I. Laminations Pvt. Ltd. Faridabad (East)
GSTIN	06AACCA3061C1ZD
Assessment Year	2017-18

**Audit Objection**

As per the provisions of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relating to the period ending with the day immediately preceding the appointed day,

furnished by him under the existing law in such manner, as may be prescribed. Provided that the registered person shall not be allowed to take Income Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section 10 of section 42 or undue or excess reduction in output tax liability under sub-section 10 of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1.

Sr. No.	Name of Firm	GSTIN No.	TRAN-1 Claim	Eligible Claim	Excess Claim	From	To	Days	Interest	Total
1	A.E.I. Laminations Pvt. Ltd.	06AACCA3061C1ZD	7761428	1178849	6582579	29-11-2017	31-03-2021	1218	5271834	11854413

**Reply :-**

It is submitted that the objection raised by the Audit in the case of M/s A.E.I. Laminations Pvt. Ltd., Faridabad, GSTIN- 06AACCA3061C1ZD has been examined by the Proper Officer and the para is admitted. The taxpayer was engaged in the business of Trading/Manufacturing of AIR OR VACUUM PUMPS, AIR OR OTHER GAS COMPRESSORS AND FANS; VENTILATING OR RECYCLING HOODS INCORPORATING A FAN, WHETHER OR NOT FITTED WITH FILTERS - PARTS : OF ELECTRIC FANS, ELECTRIC MOTORS AND GENERATORS (EXCLUDING GENERATING SETS) - OTHER AC MOTORS, SINGLE-PHASE:FRACTIONAL HORSE POWER MOTOR (HSN-84149030 & 85014010). The current status of the taxpayer is active.

In reply to the audit objection it is submitted that the tax payer has claimed excess TRAN-1 amounting to Rs. 6582579/- in the year 2017-18. DRC-07 for the amount of Rs. 7761428/- vide Reference No. ZA060719000212Z on dated 26.07.2019 has already been issued to the taxpayer and demand created in the Electronic Liability Ledger of the taxpayer. Also, available ITC in credit ledger of Rs. 4711014/- has been blocked by the then Proper Officer. The firm pertains to Center Jurisdiction. Letter was issued to Central Authority vide no. 928/PO/W-1 dated 14.06.2023. No reply received, therefore reminder letter has been sent vide letter No. 2244 dated 18.10.2023 to Central Authority, Faridabad for further recovery proceedings. Hence, it is requested to settle the para.

**CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. no. as per CAG Report :-	255
Name of Firm:-	JAI DURGA ELECTRIC & H/W, Faridabad (East)
GSTN. :-	06AASPJ7347M1ZZ
A.Y :-	2017-18

**Audit Objection:-** As per the provisions of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner, as may be prescribed. Provided that the registered person shall not be allowed to take Income Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section 10 of section 42 or undue or excess reduction in output tax liability under sub-section 10 of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the under mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1.

Sr. No.	Name of Firm	GSTIN No.	TRAN-1 Claim	Eligible Claim	Excess claimed	From	To	Days	Interest	Total
1.	JAI DURGA ELECTRIC & H/W	06AASPJ7347M1ZZ	695746	0	695746	26/12/2017	31/03/2021	1191	544855	1240601

**Reply of Para:-** It is submitted that the objection raised by Audit in the case of M/ Jai Durga Electric & H/W, Faridabad GSTIN- 06AASPJ7347M1ZZ has been examined by the Proper Officer and the Para is admitted. The taxpayer was engaged in the business of trading of electrical apparatus for switching or protecting electrical circuits, or for making connections to or in electrical circuits. (HSN-85351010). The current status of the taxpayer is active.

In reply to the audit objection, it is submitted that the taxpayer has claimed excess TRAN-1 amounting to Rs. 695746/- in the assessment year 2017-18. DRC-01A vide Reference No. ZD060322001963S on dated 08.03.2022, DRC-01 vide Reference No. ZD060322009194V dated 30.03.2022 and DRC-07 vide Reference No. ZD060522002765N dated 04.05.2022 has been issued to the taxpayer and the amount of Rs. 277067/- was recovered vide reference no. DI0608220028116 dated 16.08.2022, Rs. 20786/- was recovered vide reference no. DI0609230159156 dated 21.09.2023, Rs. 45382/- was recovered vide reference no. DI0609230159161 dated 21.09.2023, Rs. 16255/- was recovered vide reference no. DI0610230134832 dated 19.10.2023 and Rs. 5067/- was recovered vide reference no. DI0610230134862 dated 19.10.2023 (Total Rs. 364557/- recovered). Provisional attachment of property under sec 83 in Form GSTR DRC-22 has been initiated against dealer, it is requested to please para may be settled.

#### **CAG Report2020-21**

Para No.	:	2.11.8.3.1(a)
Sr. no. as per CAG Report	:	258
Name of Firm	:	Gallium Industries Ltd. (Faridabad East)
GSTN	:	06AAACG0108J1Z4
Assessment Year	:	2017-18



**Audit Objection:-** As per the provisions of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner, as may be prescribed. Provided that the registered person shall not be allowed to take Income Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section 10 of section 42 or undue or excess reduction in output tax liability under sub-section 10 of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the under mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1.

Sr. No.	Name of Firm	GSTIN No.	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
1	Gallium Industries Ltd.	06AAACG0108J1Z4	8048051	0	8048051	09-09-2017	31-03-2021	1299	6874138	14922189

**Reply :-** It is submitted that the objection raised by Audit in the case of M/s Gallium Industries Ltd., Faridabad GSTIN- 06AAACG0108J1Z4 has been examined by the Proper Officer and the Para is admitted. The taxpayer was engaged in the business of Manufacturing of Tube Mill Machines.(HSN-84551000). The current status of the taxpayer is cancelled w.e.f. 26.08.2021 (On the Taxpayer application).

In reply to the audit para, it is submitted that the taxpayer M/s Gallium Industries Ltd., Faridabad having GSTIN-06AAACG0108J1Z4, has claimed Tran-1 under SGST for Rs. 80,48,051/- on GST Portal on dated 09.09.2017. The taxpayer M/s Gallium Industries Ltd., Faridabad was declared insolvent and bankrupt on 17.12.2018 by the Hon'ble National Company Law Tribunal, Bench III, New Delhi. All the assets and liabilities comes under the control of the liquidator appointed by the NCLT bench. The assessment for the F.Y 2017-18 (1st Qtr.) was framed by the then Assessing Authority vide demand no. 225, dated 16.08.2019 without considering Tran-1 filed by the taxpayer. A show cause notice in form GST DRC 01 vide reference no. 80/ETO/W-2/Dated 05.07.2019 was issued by the then proper officer u/s 73(1) of the HGST act 2017, that the claim of the excess ITC claimed in the tran-1 from the previous year is not allowable. Hence, the claim excess ITC of Rs. 80,48,051/- in TRAN -1 is invalid. In response of the shown cause notice the taxpayer has not responded.

Further, A demand order in Form GST DRC 07 was issued vide reference ZA0607190002111 dated 26.07.2019 creating a demand of Rs. 80,48,051/- under HGST act, 2017.

On examination of the GST portal it is noticed that the above taxpayer falls under the Central Jurisdiction and registration of the above said company was cancelled by

the Central GST authority, Faridabad w.e.f. 26.08.2021 on application of the taxpayer. In addition on examination of portal it was noticed that an ITC under IGST 18,50,492/-, CGST 2,73,807/-, and SGST 8,67,414/- are showing in the electronic credit ledger and Rs. CGST 1,800/-, SGST 1,200/-, and CESS 600/- are showing in the electronic cash ledger of the taxpayer. There is mechanism on the GST portal that any pending demand against the taxpayer can be adjusted through set off mechanism. But in this case the portal is not allowing to set off any demand pending against the taxpayer. Efforts are being made to recover the amount and the liquidation proceedings are still on by the liquidator.

#### **CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. no. as per CAG Report :-	260
Name of Firm:-	CWE TECHNOLOGY, Faridabad (East)
GSTN. :-	06AQAPR1238H1Z1
A.Y :-	2017-18

**Audit Objection:-**As per the provisions of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner, as may be prescribed. Provided that the registered person shall not be allowed to take Income Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section 10 of section 42 or undue or excess reduction in output tax liability under sub-section 10 of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the under mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1.

Sr. No.	Name of Firm	GSTIN No.	TRAN-1 Claim	Elegible Claim	Excess claimed	From	To	Days	Interest	Total
1.	CWE TECHNOLOGY	06AQAPR1238H1Z1	211362	0	211362	27/12/2017	31/03/2021	1190	165384	376746

**Reply of Para:-**It is submitted that the objection raised by Audit in the case of M/s CWE Technology, Faridabad GSTIN-06AQAPR1238H1Z1 has been examined by the Proper Officer and the Para is admitted. The taxpayer was engaged in the business of trading of tableware, Kitchenware, other household articles and toilet articles. (HSN-69119020). The current status of the taxpayer is cancelled w.e.f. 28.07.2021 (on application of taxpayer).

In reply to the audit objection, it is submitted that the tax payer has claimed excess TRAN-1 amounting to Rs. 211362/- in the assessment year 2017-18. DRC-01A vide Reference No. ZD06032201977J dated 08.03.2022, DRC-01 vide Reference No. ZD060322009225Y dated 30.03.2022 and DRC-07 of tax amount of Rs. 211362/- and

interest of Rs. 211362/- was issued vide Reference No. ZD060522002747L dated 04.05.2022 (Copy Enclosed) of the Trans-1 amount has been issued to the dealer. Firm has been cancelled w.e.f. 28.07.2021. A letter has been issued to Branch Manager of Dena Bank to Provisional attachment of Bank account u/s 83 of the HGST Act, 2017 vide reference no. 2081 dated 05.10.2023. It is requested to please para may be settled.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report: 265  
 Name of Firm: Rattan Polychem Ltd., Faridabad(West)  
 GSTIN : 06AAECR5493B1ZG  
 A.Y.: 2017-18

#### **Audit Objection**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Name of dealer	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total balance
M/s Rattan Polychem Ltd., GSTIN- 06AAECR5493B1ZG	3052402	0	3052402	10/8/2017	3/31/2021	1270	2548965	5601367

#### **Reply**

It is submitted that the objection raised by Audit in case of M/s Rattan Polychem Ltd., Faridabad (West) GSTIN 06AAECR5493B1ZG has been examined by the Assessing Authority. The dealer is engaged in the business of manufacturing of Polymers of styrene etc. Presently, the dealer is non-existing, cancelled on 31.01.2019. Audit objection raised by the audit is fully admitted.

In reply to the audit para, it is submitted that an intimation of tax determination in form of DRC-01A was issued vide Reference No. ZD060323008624R dated 15-03-2023. As dealer has not submitted reply in PART-B of DRC-01A, DRC-01 was issued on 14/07/2023 vide Ref No ZD060723007533N. Since, no reply has been received against the show cause notice by the taxpayer, Proper Officer has issued order for summary of demand in form of DRC-07 vide Ref ZD061023007591Y dated 11.10.2023 tax amounting to Rs. 3052402/-, interest to Rs. 3449214/- and penalty to Rs. 305240/- . As all the steps to safe guard the government revenue has been taken it is requested that kindly settle the para.

**CAG Report 2020-21**

Para No. 2.11.8.3.1(a)  
 Sr. no. as per CAG Report: - 267  
 Name of Firm: - 06AABCM9522F1ZM  
 A.Y: - 2017-2018

**Audit Objection: -****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest:-

Name of the dealer	Amount carried forward in Tran-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total balance
M/s Mauria Udyog Limited	15536079	15067551	468528	23-08-2017	31-03-2021	1316	405424	873952

**Reply of Para:** -It is submitted that the objection raised by Audit in the case of M/s Mauria Udyog Limited, Faridabad (West), GSTIN-06AABCM9522F1ZM has been examined by the Assessing Authority. The dealer is engaged in the business of Manufacturing/ Trading of iron and steel. Presently, the firm exists, functional and doing business at the address premises as mentioned on the GST Portal. The original assessment in this case was framed under Section 15(3) of the HVAT Act, 2003.

The audit has raised an objection that the dealer has wrongly claimed ITC of Rs. 4,68,528/- in Tran-1 and liable to pay this with interest. Audit objection raised by the audit is admitted.

In reply to Audit Para, it is submitted that the FORM GST DRC- 07 with reference No. ZD061023008140C has been issued on dated 12.10.2023 amounting to Rs. 10,54,188/- (tax-4,68,528, interest- 4,68,528, penalty- 1,17,132). As all the steps to safeguard the government revenue has been taken, it is requested to kindly settle the Para.

**CAG Report 2020-21**

Para No.: 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report: 269  
 Name of Firm: M/s M G Graphitech, Faridabad (West)  
 GSTIN: 06AAICM9155F1ZA  
 A.Y.: 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Name of dealer	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
M G Graphitech GSTIN- 06AAICM9155F1ZA	354931	0	354931	12/27/2017	3/31/2021	1190	277721	632652

#### Reply

It is submitted that the objection raised by the Audit party in case of M/s M.G. Graphitech, Faridabad (West), having GSTIN 06AAICM9155F1ZA has been examined by the undersigned. The dealer is engaged in the business of manufacturing of Machinery, Apparatus and Equipment (Other Than the Machine Tools of Headings 8456 To 8465) For Preparing or Making Plates, Printing Components; Plates, Cylinders and Other Printing Components; Plates, Cylinders and Lithographic Stones, Prepared for Printing Purposes etc. The firm is cancelled suo-moto w.e.f. 01-03-2020. Audit objection raised by the audit is admitted.

In reply to the audit objection, it is submitted that Input tax credit of Rs. 178961/- has been blocked. The dealer has been issued DRC-07 vide Reference No. ZD0603230075554R dated 14/03/2023 for SGST amounting to Rs. 709862/-.

As all the steps to safeguard Govt. Revenue has been taken, it is requested to please settle the para.

#### CAG Report 2020-21

Para No.	Para No.	2.11.8.3.1(a)
Sr. no. as per CAG Report :-	No. -	274
Name of Firm -		CHAND INDUSTRY
GSTN :-		06AABFC8607Q1Z3
A.Y :-		2017-18

#### Audit Objection

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess

reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case file of the under mentioned dealers it was noticed that dealer carried forward excess amount of VAT in his Tran-1: -

Name of dealer	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total balance
CHAND INDUSTRY, GSTIN- 06AABFC8607Q1Z3	2274336	0	2274336	02-12-2017	31-03-2021	1490	2228226	4502562

Allowing excess carried forward of ITC in Tran-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which was partially used by the dealers.

#### Reply

In reply to audit para, it is submitted that the assessment case of the dealer was framed by the then Assessing Authority vide order No.778 dated 20.03.2020 and created Nil demand under both the Act. The dealer is engaged in the business of manufacturing of glass mirrors waste, parting and scrap of plastic. The dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. The audit para is admitted. The taxpayer is migrated under GST Act, 2017.

In reply to the audit objection the taxpayer has availed excess ITC of Rs.2274336/-. A notice in form DRC-01 was issued to the dealer on dated 16.03.2023 vide reference No. ZD060323009253X for Rs.4502562/-. Also, Demand was raised against the taxpayer in GST DRC-07 amounting to Rs. 5799556/- (SGST Tax=2274336, Interest=2956636, Penalty=568584) on dated 12.10.2023 vide reference No.ZD061023008316Z. Recovery proceeding has been initiated against the taxpayer.

Para No.:- 2.11.8.3.1(a)  
 Sr. no. as per CAG Report :- 280  
 Name of Firm:- M/s Alfa Engineering  
 GSTN.:- 06ADTPN4064B1ZJ  
 A.Y :- 2017-18

#### Audit Objection:-

##### **Carry Forward of Excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the

notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Name of dealer	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total balance
M/S Alfa Engineering, GSTIN- 06ADTPN4064B1ZJ	245480	12600	232880	12/25/2017	3/31/2021	1192	182527	415407

**Reply:-**

It is submitted that the objection raised by Audit in case of M/s Alfa Engineering, Faridabad, GSTIN 06ADTPN4064B1ZJ has been examined by the Assessing Authority. The dealer was engaged in the Factory / Manufacturing, Retail Business of wholesale/retail of TABLE, KITCHEN OR OTHER HOUSEHOLD ARTICLES AND PARTS THEREOF, OF COPPER. Presently, as of now, the firm is cancelled w.e.f. 31.03.2019 on the GST Portal. Audit objection raised by the audit party is admitted.

It is informed that a notice in form GST DRC 01A was issued to the taxpayer on dated 16/03/2023, but no response received from the taxpayer. Thereafter, a Show Cause Notice in Form DRC-01 was issued to the taxpayer on dated 25/04/2023 to deposit the amount within 30 days. No reply has been received from the taxpayer subsequently.

Thereafter, Form GST DRC-07 is issued on dated 12/10/2023 a demand of Rs.580337/- (Including tax=Rs.232880/-, interest=Rs.324169/- and penalty=Rs.23288/-).

As all the steps to safeguard Govt. Revenue has been recovered along with interest, it is requested to please settle the para.

Para No. : 2.11.8.3.1 (a)  
 Sr. no. as per CAG Report : 288  
 Name of Firm:- : Raj Electrical, Faridabad (West)  
 GSTN :- : 06AHUPR7238L1ZF  
 A.Y :- : 2017-18

**Audit Objection:-**

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case file of the under mentioned dealers it was noticed that dealer carried forward excess amount of VAT in his Tran-1: -

Name of dealer	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total balance
Raj Electrical, GSTIN- 06AHUPR7238L1ZF	337021	318922	18099	20-12-2017	31-03-2021	1197	14245	32344

Allowing excess carried forward of ITC in Tran-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which was partially used by the dealers.

**Reply of Para:-**

In response to the audit objection raised by the audit party, it is submitted that the dealer has wrongly claim ITC of Rs. 18099/- in TRAN-01 and liable to pay this with interest. The Assessing Authority has examined the audit objection, the audit para is admitted.

It is submitted that the notice in the above said matter in Form DRC-01 was raised against the dealer on dated 14.03.2022 vide Reference No. ZD060322004528R. Accordingly in Form of DRC-07 on dated 16.03.2023 was issued.

As all the steps to safeguard Govt. Revenue have been taken, it is requested to please settle the para.

**CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. no. as per CAG Report: -	294
Name of Firm: -	M/s Sanjay Casting
GSTN: -	06ANDPP2093E1Z5
A.Y: -	2017-2018

**Audit Objection: -**

**Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest:-

Name of the dealer	Amount carried forward in Tran-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total balance
M/s Sanjay casting	60153	107	60046	10-10-2017	31-03-2021	1268	110110	104757



**Reply of Para:** -It is submitted that the Audit objection in the Case of M/s Sanjay Casting, Faridabad (West), GSTIN-06ANDPP2093E1Z5 has been examined by the Assessing Authority. The dealer is engaged in the business of manufacturing (cast articles of iron or steel). Presently, the firm exists, functional and doing business at the address/premises as mentioned on the GST Portal. The original assessment in this case was framed under Section 15(3) of the HVAT Act, 2003.

The audit has raised an objection that the dealer has wrongly claimed ITC of Rs. 60,046/- in Tran-1 and liable to pay this with interest. Audit objection raised by the audit is admitted.

In reply to Audit Para, it is submitted that the FORM GST DRC- 07 with reference No. ZD060123016958E has been issued on dated 31-01-2023. amounting to Rs. 1,70,156/- ( tax- 60,046, interest- 50,064, penalty- 60,046) As all the steps to safeguard the government revenue has been taken, it is requested to kindly settle the Para.

**CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. no. as per CAG Report: -	296
Name of Firm: -	M/s Diamond Enterprises
GSTN: -	06ARSPP2431M1ZB
A.Y: -	2017-2018

**Audit Objection: -**

**Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest:-

Name of the dealer	Amount carried forward in Tran-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total balance
M/s Diamond Enterprises.	381470	285969	95501	21-11-2017	31-03-2021	1226	76987	172488

**Reply of Para:** -It is submitted that the audit objection in the case of M/s Diamond Enterprises, Faridabad (West), GSTIN-06ARSPP2431M1ZB has been examined by the Assessing Authority. The dealer is engaged in the business of Retail business (parts and accessories of the motor vehicles). Presently, the firm is Cancelled on application of Taxpayer (W.e.f. 07-02-2020). The original assessment in this case was framed under Section 15(3) of the HVAT Act, 2003.

The audit has raised an objection that the dealer has wrongly claimed ITC of Rs. 95,501/- in Tran-1 and liable to pay this with interest. Audit objection raised by the audit is admitted.

In reply to Audit Para, it is submitted that the FORM GST DRC- 07 with reference No. ZD060123016928H has been issued on dated 31-01-2023 amounting to Rs.2,67,989 (tax-95,501, Interest-76,987, Penalty- 95,501. As all the steps to safeguard the government revenue has been taken, it is requested to kindly settle the Para.

Para No. : 2.11.8.3.1(a)  
 Sr. no. as per CAG Report : 298  
 Name of Firm : M/s Jindal Alloys & Casting  
 GSTN. : 06AAGFJ6090B1ZL  
 A.Y : 2017-18

**Audit Objection:-**

**Carry Forward of Excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Name of dealer	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total balance
M/S Jindal Alloys & Casting, GSTIN-06AAGFJ6090B1ZL	511353	113862	397491	12/27/2017	3/31/2021	1190	311023	708514

**Reply of Para:-**

It is submitted that the objection raised by Audit in case of M/s Jindal Alloys & Casting, Faridabad, GSTIN 06AAGFJ6090B1ZL has been examined by the Assessing Authority. The dealer was engaged in the business of warehouse/depot of Aluminum Waste. Presently, as of now, the firm is cancelled w.e.f. 31.03.2023 on the GST Portal. Audit objection raised by the audit party is admitted.

It is informed that a notice in form GST DRC 01A was issued to the taxpayer on dated 16/03/2023, but no response received from the taxpayer. Thereafter, a Show Cause Notice under section in Form of DR01 was issued to the taxpayer on dated 25/04/2023 to deposit the amount within 30 days. Reply in form of GST DRC-06 has been received from the taxpayer on dated 12/10/2023. Taxpayer has also intimated that he already deposited excess TRAN-1 RS. 397491/- along with interest liability of Rs.88376/- (Total Rs.485867/-) through DRC-03 whose copy enclosed.

It has been found that taxpayer has paid partial payment of interest. Thereafter, Form GST DRC-07 has been issued on dated 18/10/2023 a demand of Rs.188621/- (Including interest=Rs.188621/-). As all the steps to safeguard Govt. Revenue has been recovered along with interest, it is requested to please settle the para.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. no. as per CAG Report : 308  
 Name of Firm : M/s Arya Trading Co.  
 GSTN : 06AIQPR0668B1Z5  
 A.Y. : 2017-2018

**Audit Objection: -****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest:-

Name of the dealer	Amount carried forward in Tran-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total balance
Arya trading co.	692545	0	692545	24-10-2017	31-03-2021	1254	571037	1263582

**Reply of Para: -**It is submitted that the audit objection in the case of M/s Arya Trading Co., Faridabad (West), GSTIN-06AIQPR0668B1Z5 has been examined by the Assessing Authority. The dealer is engaged in the business of manufacturer/ wholesale business/ retail business (articles of plastics and articles of other materials). Presently, the firm is exists, functional and doing business at the address premises as mentioned on the GST Portal. The original assessment in this case was framed under Section 15(3) of the HVAT Act, 2003.

The audit has raised an objection that the dealer has wrongly claimed of ITC of Rs. 6,92,545/- in Tran-1 and liable to pay this with interest. Audit objection raised by the audit is admitted.

In reply to Audit Para, it is submitted that the FORM GST DRC- 07 with reference No. ZD060123016895I has been issued on dated 31-01-2023 amounting to Rs. 19,56,127/- (tax-6,92,545, interest- 5,71,037, penalty- 6,92,545). As all the steps to safeguard the government revenue has been taken, it is requested to kindly settle the Para.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. no. as per CAG Report: - 309  
 Name of Firm: - Rishabh Trading co.  
 GSTN: - 06BQTPS3671M1ZW  
 A.Y: - 2017-2018

**Audit Objection: - Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest:-

Name of the dealer	Amount carried forward in Tran-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total balance
Rishabh trading co.	147617	0	147617	26-10-2017	31-03-2021	1252	121523	269140

**Reply of Para: -** It is submitted that the audit objection in the case of M/s Rishabh Trading Co., Faridabad (West), GSTIN- 06BQTPS3671M1ZW has been examined by the Assessing Authority. The dealer is engaged in the business of wholesale/ retail business (articles of cement). Presently, the firm is cancelled on application of taxpayer (w.e.f. 10-10-2019). The original assessment in this case was framed under Section 15(3) of the HVAT Act, 2003.

The audit has raised an objection that the dealer has wrongly claimed ITC of Rs. 1, 47,617/- in Tran-1 and liable to pay this with interest, Audit objection raised by the audit is admitted.

In reply to audit para, it is submitted that the FORM GST DRC-07 with reference number ZD061223018813P has been issued on date 20-12-2023 amounting to Rs. 4,94,517/- (tax- 1,47,617, interest- 1,99,283, penalty- 1,47,617). As all the steps to safeguard the government revenue has been taken, it is requested to kindly settle the Para.

**CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. no. as per CAG Report: -	311
Name of Firm:	Allied Trade Link Pvt. Ltd.
GSTN: -	06AAACA2150Q1ZQ
A.Y: -	2017-2018

**Audit Objection: -**

**Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the

notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest:-

Name of the dealer	Amount carried forward in Tran-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total balance
Allied Trade Links Pvt. Ltd.	433068	0	433068	26-12-2017	31-03-2021	1191	339146	772214

**Reply of Para:** -It is submitted that the audit objection in the case of M/s Allied Trade links Pvt. Ltd., Faridabad (West), GSTIN-06AAACA2150Q1ZQ has been examined by the Assessing Authority. The dealer is engaged in the business of manufacturing (aluminum waste and scrap). Presently, the firm exists, functional and doing business at the address premises as mentioned on the GST Portal. The original assessment in this case was framed under Section 15(3) of the HVAT Act, 2003.

The audit has raised an objection that the dealer has wrongly claimed ITC of Rs. 4,33,068/- in Tran-1 and liable to pay this with interest. Audit objection raised by the audit is admitted.

In reply to Audit Para, it is submitted that the FORM GST DRC-07 with reference number ZD060223003103C has been issued on date 06-02-2023 amounting to Rs. 8,15,520.80/- (tax- 4,33,068, interest- 3,39,146, penalty- 43,306.80). As all the steps to safeguard the government revenue has been taken, it is requested to kindly settle the Para.

Para No.:-	2.11.8.3.1(a)
Sr. no. as per CAG Report :-	312
Name of Firm:-	M/s CHANDRA ENTERPRISES
GSTN.:-	06AKEPT8550E1Z0
A.Y :-	2017-18

**Audit Objection:-**

**Carry Forward of Excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Name of dealer	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total balance
M/CHANDRA ENTERPRISES, GSTIN-06AKEPT8550E1Z0	174335	0	174335	9/23/2017	3/31/2021	1285	147301	321636

**Reply of Para:-**

It is submitted that the objection raised by Audit in case of M/s CHANDRA ENTERPRISES, Faridabad, GSTIN 06AKEPT8550E1Z0 has been examined by the Assessing Authority. The dealer was engaged in the business of manufacturing of moulding boxes for metal foundry, moulding pattern, metal carbides, glass, mineral materials. Presently, as of now, the firm is cancelled w.e.f. 28.06.2018 on the GST Portal. Audit objection raised by the audit party is admitted.

It is informed that a notice in form GST DRC 01A was issued to the taxpayer on dated 16/03/2023, but no response received from the taxpayer. Thereafter, a Show Cause Notice in Form of DRC-01 was issued to the taxpayer on dated 25/04/2023 to deposit the amount within 30 days. No reply has been received from the taxpayer subsequently.

Thereafter, Form GST DRC-07 is issued on dated 12/10/2023 a demand of Rs. 445218/- (Including tax=Rs.174335/-, interest=Rs.253450/- and penalty=Rs.17433/-). As all the steps to safeguard Govt. Revenue has been recovered along with interest, it is requested to please settle the para.

**CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. no. as per CAG Report: -	314
Name of Firm: -	SHIVAM INDUSTRIES
GSTN: -	06BBEPS1954D1ZR
A.Y: -	2017-2018

**Audit Objection: -****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest:-

Name of the dealer	Amount carried forward in Tran-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total balance
Shivam Industries	59400	0	59400	12-11-2017	31-03-2021	1235	48236	107636

**Reply of Para:-**It is submitted that the audit objection in the case of M/s Shivam Industries, Faridabad (West), GSTIN 06BBEPS1954D1ZR has been examined by the Assessing Authority. The dealer is engaged in the business of manufacturing (metal-rolling mills and rolls). Presently, the firm is cancelled on application of taxpayer

(w.e.f. 31-03-2018). The original assessment in this case was framed under Section 15(3) of the HVAT Act, 2003.

The audit has raised an objection that the dealer has wrongly claimed ITC of Rs. 59,400/- in Tran-1 and liable to pay this with interest. Audit objection raised by the audit is admitted.

In reply to Audit Para, it is submitted that the FORM GST DRC- 07 with reference No. ZD060322006146Z has been issued on dated 10.02.2023 amounting to Rs. 1,13,576/-(tax- 59,400, interest-48,236, penalty- 5,940). As all the steps to safeguard the government revenue has been taken, it is requested to kindly settle the Para.

Para No. :-	2.11.8.3.1(a)
Sr. no. as per CAG Report :-	316
Name of Firm:-	M/s Usha Enterprises
GSTN. :-	06AFSPG4009A2ZV
A.Y :-	2017-18

#### **Audit Objection:-**

#### **Carry Forward of Excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Name of dealer	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total balance
M/s Usha Enterprises GSTIN-06AFSPG4009A2ZV	643955	0	643955	10/5/2017	3/31/2021	1273	539017	1182972

#### **Reply of Para:-**

It is submitted that the objection raised by Audit in case of M/s Usha Enterprises, Faridabad GSTIN-06AFSPG4009A2ZV has been examined by the Assessing Authority. The dealer was engaged in the business of manufacturing of bakelite product. The firm has been cancelled Suo-Moto order dated 15.05.2023 reason being failure to furnish returns for a period of Six months under section 39 of HGST Act, 2017. Presently, the firm is closed.

That the audit para is admitted. A Notice in Form GST DRC-01 was issued to taxpayer, but no response received from the taxpayer. Thereafter, a Show Cause notice under section 74 was issued to taxpayer on dated 15.03.2022 to deposit the amount within 30 days. No reply received from the taxpayer. Subsequently, Form GST DRC-07 was issued on dated 14.07.2023 whereby a demand of Rs. 1931865/-(HGST 643955/-, Interest HSGT 643955/- and penalty 643955/-) was created.

As all the steps to safeguard Govt. Revenue have ben taken, it is requested to please settle the para.

Para No. :- 2.11.8.3.1(a)  
 Sr. no. as per CAG Report :- 318  
 Name of Firm:- M/s Shri Ram Global Solution  
 GSTN. :- 06AFWPC9195H1ZT  
 A.Y :- 2017-18

**Audit Objection:-**

**Carry Forward of Excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Name of dealer	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total balance
M/s Shri Ram Global solution, GSTIN-06AFWPC9195H1ZT	257680	219138	38542	8/28/2017	3/31/2021	1311	33224	71766

**Reply:-**

It is submitted that the objection raised by Audit in case of M/s Shri Ram Global Solution, Faridabad GSTIN-06AFWPC9195H1ZT has been examined by the Assessing Authority. The dealer is engaged in the business of trading in kitchen, home appliances etc. Presently, the dealer is existing, functional and doing business at the address as mentioned on the GST portal.

That the audit para is admitted. A Notice in Form GST DRC-01 was issued to taxpayer on the above said matter, but no response received from the taxpayer. Thereafter, a Show Cause notice under section 74 was issued to taxpayer on dated 15.03.2022 to deposit the tax amount along with interest within 30 days. No reply received from the taxpayer. Subsequently, Form GST DRC-07 was issued on dated 14.07.2023 whereby a demand of Rs. 115626/- (HGST 38542/-, Interest HSGT 38542/- and penalty 38542/-) was created. Recovery proceedings will be initiated further in due course.

As all the steps to safeguard Govt. Revenue have ben taken, it is requested to please settle the para.



**CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. No. as per CAG Report	321
Name of the Firm	M/s Arjun Ispat, Faridabad (North)
GSTIN-	06AAFCA4692L1ZC
Assessment Year	2017-18

**Audit Objection :-**

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A Taxable person who makes an under or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 of undue or excess reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During Scrutiny of Case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-01: -

Sr. No.	Name of Dealer	GSTIN	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total Balance
1.	M/s ArjunIspat	06AAFCA4692L1ZC	6436094	959232	5476862	30.11.17	31.12.21	1492	5373027	10849889
					<b>5476862</b>				<b>5373027</b>	<b>10849889</b>

Allowing excess carried forward of ITC in TRAN-1 & Non-Verification of Actual entitlement of Transitional Credit resulted in excess carried forward of ITC which was partially used by some dealers. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e., Rs. 3.20 Crore.

**Reply: -** It is submitted that the objection raised by Audit in case of M/s Arjun Ispat, Faridabad (North) GSTIN 06AAFCA4692L1ZC has been examined by the Assessing Authority. The dealer was engaged in the business of manufacturing & trading of bars and rods, hot-rolled, in irregularly wound coils, of iron or non-alloy steel. The audit has pointed out that M/s Arjun Ispat, Faridabad (North) GSTIN 06AAFCA4692L1ZC has claimed ineligible Transitional credit of Rs. 5476862/- in Tran-1.

In reply to the audit objection raised by the audit party, it is submitted that the taxpayer availed excess transitional credit amounting to Rs. 5476862/-. The taxpayer was issued in form of DRC-01 to recover the excess transitional credit. Subsequently DRC-07 issued vide ARN No. ZD060622009424Q dated 01.08.2022. Excess transitional credit claimed by taxpayer recovered by DRC-07 from Electronic Credit Ledger amounting to Rs. 54, 76,862/-. The taxpayer has not utilized excess claimed transitional credit (Copy of ECL attached) so, interest not leviable on ITC available in ECL. In view of above, para may please be dropped.

#### **CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. No. as per CAG Report	322
Name of the Firm	M/s Ankit Industries, Faridabad (North)
GSTIN-	06AGJPG0544N1ZC
Assessment Year	2017-18

#### **Audit Objection :-**

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A Taxable person who makes an under or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 of undue or excess reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During Scrutiny of Case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-01: -

Sr. No.	Name of Dealer	GSTIN	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total Balance
1.	M/s Ankit Industries	06AGJPG0544N1ZC	3370494	1602533	1767961	11.10.17	31.03.21	1267	1472881	3240842
					<b>1767961</b>				<b>1472881</b>	<b>3240842</b>

Allowing excess carried forward of ITC in TRAN-1 & Non-Verification of Actual entitlement of Transitional Credit resulted in excess carried forward of ITC which was partially used by some dealers. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e., Rs. 1.10 Cr.

**Reply** It is submitted that the objection raised by Audit in case of M/s Ankit Industries, Faridabad (North) GSTIN 06AGJPG0544N1ZC has been examined by the Assessing Authority. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. The dealer is engaged in the business of manufacturing & trading of flat-rolled products of iron or non-alloy steel. The audit has pointed out that M/s Ankit Industries, Faridabad (North) GSTIN 06AGJPG0544N1ZC has claimed ineligible Transitional credit of Rs. 1767961/- in Tran-1.

In reply to the audit objection raised by the audit party, it is submitted that the TRAN-1 was taken worth Rs. 3370494/- (copy of order is enclosed) in account while framing the assessment for the year 2017-18 (Q.E. 30.06.2017). After rectification additional demand was created of Rs. 886534/-. Create & DRC-07A issued to the taxpayer for recovery. Copy of assessment order, rectification order & DRC-07A attached.

#### **CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. No. as per CAG Report: -	323
Name of Firm:	M/s Sh. Krishna Grit Co. , Faridabad (North)
GSTIN:	06AASPG7488G1Z5
A.Y.:	2017-18

#### **Audit Objection :-**

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A Taxable person who makes an under or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 of undue or excess reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During Scrutiny of Case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-01:-

Sr. No.	Name of Dealer	GSTIN	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total Balance
1.	M/s Sh. Krishna Grit Co.	06AASPG7488G1Z5	1467179	0	1467179	06.10.17	31.03.21	1272	1227124	2694303
					1467179				1227124	2694303

Allowing excess carried forward of ITC in TRAN-1 & Non-Verification of Actual entitlement of Transitional Credit resulted in excess carried forward of ITC which was

partially used by some dealers. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e., Rs60.98 Lakhs

### Reply

It is submitted that the objection raised by the Audit in case of M/s Sh. Krishna Grit Co., GSTIN 06AASPG7488G1Z5 has been examined by the Assessing Authority. Presently, as of now, the dealer is nonfunctional as the registration has been suo moto cancelled. The dealer is engaged in the business of trading of Ferrous Products obtained by Direct Reduction of Iron ore & other spongy Ferrous Products. The Audit has pointed out M/s Sh. Krishna Grit Co., GSTIN 06AASPG7488G1Z5 has claimed ineligible Transitional Credit of Rs.1467179/- in TRAN-01.

In response to the audit objection, it is submitted that SCN in form of DRC-01A issued on dated 29.03.2022 & DRC-01 issued on 05.07.2022 to the taxpayer to recover the excess transitional credit claimed in TRAN-1. DRC-07 was issued to the taxpayer on 12.10.2023

### CAG Report 2020-21

Para No.	2.11.8.3.1(a)
Sr. No. as per CAG Report	325
Name of the Firm	M/s W G Enterprises , Faridabad ( North )
GSTIN-	06AABCW0970D1ZM
Assessment Year	819 / 2017-18/ 27.12.2019

### Audit Objection :-

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A Taxable person who makes an under or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 of undue or excess reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During Scrutiny of Case files of the under mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-01 :-

Sr. No.	Name of Dealer	GSTIN	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total Balance
1.	M/s WG Enterprises Pvt. Ltd.	06AABCW0970D1ZM	1946093	203204	1742889	27.12.17	31.03.21	1190	1363751	3106640
					1742889				1363751	3106640

Allowing excess carried forward of ITC in TRAN-1 & Non-Verification of Actual entitlement of Transitional Credit resulted in excess carried forward of ITC which was partially used by some dealers. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e. Rs31.06 Lakh.

#### **Reply**

It is submitted that the objection raised by Audit party in case of M/s WG Enterprises Pvt. Ltd. holding GSTIN 06AABCW0970D1ZM has been examined by the Assessing Authority, Faridabad (North). Presently as of now, the dealer is existing functional and doing business at the address premises as mentioned on the GST Portal. The dealer is engaged in the business of knives and cutting blades, for machines or for mechanical appliances. The audit has pointed out that M/s WG Enterprises Pvt. Ltd. holding GSTIN 06AABCW0970D1ZM has claimed ineligible transitional credit of Rs.1742889/-.

The objection raised by the audit party has been admitted. In this regard it is submitted that assessment for the year 2017-18 (Q.E. 30.06.2017) was framed vide order No. 851 dated 18.03.2020. In response to the audit para/objection it is submitted that the dealer has claimed excess ITC of **Rs. 1742889/-**. Now, show cause notice in FORM DRC 01 on dated 22.03.2023 was issued to the dealer to recover the balance amount. Now, the reminder 2 was issued to the taxpayer on 26.07.2023 for 11.08.2023. Now, DRC 07 for tax amounting Rs. 1742889/-, interest amounting Rs. 1904106 & Penalty amounting Rs. 174290/- was also issued to the taxpayer vide reference no. ZD061023007014A date 11.10.2023.

#### **CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. No. as per CAG Report: -	328
Name of Firm:	M/s Divya International, Faridabad (North)
GSTIN:	06AEXPA9248R1ZH
A.Y.:	2017-18

#### **Audit Objection :-**

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A Taxable person who makes an under or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 of undue or excess reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During Scrutiny of Case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-01:-

Sr. No.	Name of Dealer	GSTIN	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total Balance
1.	M/s Divya International	06AEXPA9248R1ZH	642787	0	642787	20.10.17	31.03.21	1258	531699	1174486
					642787				531699	1174486

Allowing excess carried forward of ITC in TRAN-1 & Non-Verification of Actual entitlement of Transitional Credit resulted in excess carried forward of ITC which was partially used by some dealers. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e., Rs60.98 Lakhs

#### Reply

It is submitted that the objection raised by the Audit in case of M/s Divya International, GSTIN 06AEXPA9248R1ZH has been examined by the Assessing Authority. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. The dealer is engaged in the business of manufacturing & trading of Beauty or Make-up Preparations and Preparations for the care of the skin. The Audit has pointed out M/s Divya International, GSTIN 06AEXPA9248R1ZH has claimed ineligible Transitional Credit of Rs.642787/- in TRAN-01

In response to the audit objection, it is submitted that SCN in form of DRC-01A issued on dated 16.03.2023 to the taxpayer to recover the excess transitional credit claimed in TRAN-1. Finally, DRC07 issued on 14-12-2023

#### CAG Report 2020-21

Para No.	2.11.8.3.1(a)
Sr. No. as per CAG Report	334
Name of the Firm	M/s Super Steel Engineers, Faridabad (North)
GSTIN-	06AATFS6529D1ZV
Assessment Year	755 / 2017-18/ 12.12.2019

#### Audit Objection :-

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A Taxable person who makes an under or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 of undue or excess

reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During Scrutiny of Case files of the under mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-01:-

Sr. No.	Name of Dealer	GSTIN	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total Balance
1.	M/s Super Steel Engineers	06AATFS6529D1ZV	1463735	0	1463735	28.08.2017	31.03.2021	1311	1261780	2725515
					1463735				1261780	2725515

Allowing excess carried forward of ITC in TRAN-1 & Non-Verification of Actual entitlement of Transitional Credit resulted in excess carried forward of ITC which was partially used by some dealers. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e. Rs. 62.60 Lakh.

#### Reply

It is submitted that the objection raised by Audit party in case of M/s Super Steel Engineers. Faridabad (North) holding GSTIN 06AATFS6529D1ZV has been examined by the Assessing Authority, Faridabad (North). Presently as of now, the dealer is existing functional and doing business at the address premises as mentioned on the GST Portal. The dealer is engaged in the business of parts and accessories of the motor vehicles of headings 8701 to 8705 bumpers and parts thereof for tractors. The audit has pointed out that M/s Super Steel Engineers. Faridabad (North) holding GSTIN 06AATFS6529D1ZV has claimed ineligible transitional credit of Rs.14,63,735/-.

The objection raised by the audit party has been admitted. In this regard it is submitted that assessment for the year 2017-18 (Q.E. 30.06.2017) was framed vide order No. 824 dated 13.03.2019. In response to the audit para/objection it is submitted that the taxpayer has claimed excess ITC of Rs. 1463735/- Now, show cause notice in FORM DRC 01 on dated 22.03.2023 was issued to the dealer to recover the balance amount. The assessment order for the year 2017-18 has been rectified as excess c/f for the year 2015-16 & 2016-17 was taken in account. After, rectification eligible TRAN-1 comes to Rs. 12,20,505/-. In view of above facts the taxpayer has claimed excess input tax credit of Rs. 2,43,230/-. Now, DRC 07 for Rs. 4,97,527/- i.e. (tax + interest) has been issued to the taxpayer vide Reference No. ZD060623016754G dated 27.06.2023. Now, the tax amount of Rs. 2,43,230/- was recovered through DRC 07A vide demand ID ZD060523020742R.

#### CAG Report 2020-21

Para No.	2.11.8.3.1(a)
Sr. No. as per CAG Report	335
Name of the Firm	M/s Kuber Marbles, Faridabad (North)
GSTIN-	06CJWPS2381H1ZK
Assessment Year	2017-18

**Audit Objection :-**

As per the provisions of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner, as may be prescribed. Provided that the registered person shall not be allowed to take Income Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section 10 of section 42 or undue or excess reduction in output tax liability under sub-section 10 of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1.

Sr No	Name of Firm	GSTIN No.	TRAN-1 Claim	Eligible Claim	Excess Claim	From	To	Days	Interest	Total
1	M/s Kuber Marbles	06CJWPS2381H1ZK	389410	181144	208266	29.08.17	31.03.21	1310	179394	387660

**Reply: -** In reply to audit it is submitted that the objection raised by audit in case of M/s Kuber Marbles, Faridabad GSTIN 06CJWPS2381H1ZK has been examined by the Assessing Authority. The dealer is engaged in the Retail Business Marble, Travertine, and Granite etc. Presently, as of now, the dealer is existing functional and doing business at the address premises as mentioned on the GST Portal. The audit party has pointed out that M/s Kuber Marbles, Faridabad (North) GSTIN 06CJWPS2381H1ZK has claimed ineligible transitional credit of Rs. 389410/-.

Audit objection raised by the audit party is admitted. The taxpayer was issued notice in form DRC-01A on 01.04.2022 in view of the audit objection raised by the audit party. The taxpayer did not reply so DRC-01 is issued to him vide reference no. ZD060323008793K on dated 15.03.2023. Further, DRC-07 issued to the taxpayer vide reference no. ZD060623008272S on dated 15.06.2023. Out of the outstanding demand raised against the taxpayer an amount of Rs. 7,440/- recovered vide Ref No. DI0610230010851 dated 11.10.2023. Efforts are being made to recover pending amount.

**CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. No. as per CAG Report	345
Name of the Firm	M/s S G Spring , Faridabad ( North )
GSTIN-	06AIAPG6456G1ZG
Assessment Year	300 / 2017-18/ 29.08.2019



**Audit Objection :-**

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A Taxable person who makes an under or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 of undue or excess reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During Scrutiny of Case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-01:-

Sr. No.	Name of Dealer	GSTIN	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total Balance
1.	M/s SG Spring	06AIAPG6456G1ZG	278184	90310	187874	27.12.17	31.03.21	1190	147005	334879
					<b>187874</b>				<b>147005</b>	<b>334879</b>

Allowing excess carried forward of ITC in TRAN-1 & Non-Verification of Actual entitlement of Transitional Credit resulted in excess carried forward of ITC which was partially used by some dealers. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e. Rs. 62.60 Lakh.

**Reply :- M/s SG Spring {GSTIN 06AIAPG6456G1ZG}**

It is submitted that the objection raised by Audit party in case of M/s SG Spring, Faridabad (North) holding GSTIN 06AIAPG6456G1ZG has been examined by the Assessing Authority, Faridabad (North). Presently as of now, the dealer is Cancelled suo-moto Effective from 01/04/2021 as mentioned on the GST Portal. The dealer is engaged in the business of springs and leaves for springs, of iron or steel & other. The audit has pointed out that M/s SG Spring, Faridabad (North) holding GSTIN 06AIAPG6456G1ZG has claimed ineligible transitional credit of Rs.187874/-.

The objection raised by the audit party has been admitted. In this regard it is submitted that assessment for the year 2017-18 (Q.E. 30.06.2017) was framed vide order No. 300 dated 29.08.2019. In response to the audit para/objection it is submitted that the dealer has claimed excess ITC of Rs. 187874/- Now, show cause notice in FORM DRC 01 on dated 22.03.2023 was issued to the dealer to recover the balance amount. Now, the reminder 2 was issued to the taxpayer on 26.07.2023 for 11.08.2023. Now, DRC 07 of tax amounting Rs. 187874/- , interest Rs. 205252/- & penalty of Rs. 18787/- was issued to the taxpayer vide reference no. ZD061023007000J date 11.10.2023.

**CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. No. as per CAG Report:	347
Name of Firm:	Dewan Chand and Son, Faridabad (North)
Tin/GSTIN No.	06021300617/06AEQPC0897K1Z3
A.Y.	2017-18

**Audit Objection**

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A Taxable person who makes an under or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 of undue or excess reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During Scrutiny of Case files of the under mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-01:-

Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total Balance
2,03,158	1,67,093	36,065	27-12-17	31-03-21	1190	28,220	64285
						28,220	<b>64285</b>

Allowing excess carried forward of ITC in TRAN-1 & Non-Verification of Actual entitlement of Transitional Credit resulted in excess carried forward of ITC which was partially used by some dealers. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e., Rs. 64 Lakhs.

**Reply :-**

It is submitted that the objection raised by audit party in case of M/s Dewan Chand and Son Faridabad having GSTIN - 06AEQPC0897K1Z3 has been examined by the Assessing Authority. Presently, as of now, the dealer is in existence, functional and doing business activity at the address premises as mentioned on the GST Portal. The dealer is engaged in the Retail, wholesale Business of FERROUS WASTE AND SCRAP; INGOTS OF IRON OR STEEL. The audit has pointed out that M/s Dewan Chand and Son Faridabad having GSTIN - 06AEQPC0897K1Z3 has claimed ineligible Transitional credit of Rs.36,065/- in TRAN-1.

The objection raised by the Audit party has been admitted. In this regard it is submitted that the that the Assessing Authority created demand under Local Act amounting to **Rs. 36,065/-** under HVAT Act vide order dated 05.09.2019. This additional demand consists of TRAN-1 claimed amounting to RS.2,03,158/- (Copy Enclosed).

Recovery Notice dated 24.03.2023 vide Ref. ZD060323015504W was issued. Further, ITC amounting to Rs.90569 under SGST was blocked on 01.06.2023. Then DRC-01 was issued on 01.06.2023 vide Ref. No.ZD0606230002423. Order for creation of demand DRC-07 has been issued Vide Ref. No.ZD061023008901Y.

**CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. No. as per CAG Report	349
Name of the Firm	M/s Ram Krishna Entt., Faridabad (North)
GSTIN-	06AABFR7527G1Z8
Assessment Year	2017-18

**Audit Objection :-**

As per the provisions of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner, as may be prescribed. Provided that the registered person shall not be allowed to take Income Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section 10 of section 42 or undue or excess reduction in output tax liability under sub-section 10 of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1.

Sr No	Name of Firm	GSTIN No.	TRAN-1 Claim	Eligible Claim	Excess Claim	From	To	Days	Interest	Total
1.	M/s Rama Krishna Entt.	06AABFR7527G1Z8	76047	1103	74944	16.12.17	31.03.21	1201	59183	134127

**Reply :-** In reply to audit it is submitted that the objection raised by audit in case of M/s Rama Krishna Entt., Faridabad GSTIN 06AABFR7527G1Z8 has been examined by the Assessing Authority. The dealer is engaged in the Factory/Manufacturing, Wholesale Business Retail Business Parts and Accessories of the Motor Vehicles etc. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. The audit party has pointed out that M/s Rama Krishna Entt., Faridabad GSTIN 06AABFR7527G1Z8 has claimed ineligible transitional credit of Rs. 76047/-.

Audit objection raised by the audit party is admitted. The taxpayer was issued notice in form DRC-01A on 01.04.2022 in view of the audit objection raised by the audit party. The taxpayer did not reply so DRC-01 is issued to him vide reference no.

ZD060323009528K on dated 16.03.2023. Further, DRC-07 issued to the taxpayer vide reference no. ZD0606230083001 on dated 15.06.2023. Out of the outstanding demand raised against the taxpayer an amount of Rs. 72,935/- recovered vide Ref No. DI0610230010859 dated 11.10.2023. Efforts are being made to recover pending amount.

#### **CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. No. as per CAG Report	351
Name of the Firm	M/s Paul Chemical, Faridabad (North)
GSTIN-	06AMRPP1567E1ZS
Assessment Year	214/ 2017-18/28.09.2019

#### **Audit Objection :-**

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A Taxable person who makes an under or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 of undue or excess reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During Scrutiny of Case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-01: -

Sr. No.	Name of Dealer	GSTIN	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total Balance
1.	M/s Paul Chemicals	06AMRPP1567E1ZS	54050	0	54050	31.08.17	31.03.21	1308	46486	100536
					<b>54050</b>				<b>46486</b>	<b>100536</b>

Allowing excess carried forward of ITC in TRAN-1 & Non-Verification of Actual entitlement of Transitional Credit resulted in excess carried forward of ITC which was partially used by some dealers. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e., Rs. 1.10 Cr.

**Reply** It is submitted that the objection raised by Audit in case of M/s Paul Chemical, Faridabad (North) GSTIN 06AMRPP1567E1ZS has been examined by the Assessing Authority. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. The dealer is

engaged in the business of manufacturing & trading of chemical products and preparations of the chemical or allied industries. The audit has pointed out that M/s Paul Chemical, Faridabad (North) GSTIN 06AMRPP1567E1ZS has claimed ineligible Transitional credit of Rs. 54050/- in Tran-1.

In reply to the audit objection raised by the audit party, it is submitted that Tran-1 of Rs. 54050/- was already disallowed and interest levied as on 28.08.2019 of Rs. 26409/- TDN of Rs. 84155/- has already been issued to the firm (Copy of assessment order attached). DRC 07A issued bearing Demand ID No ZD030422004766L date 20.04.2022 for Rs. 84155/- Rs. 35491/- recovered. Copy of Demand ID attached for your reference. Efforts are being made to recover the pending demand of Rs. 48664/-.

Para:- No. 2.11.8.3.1(a)  
 Sr. No. as per CAG Report :- 352  
 Name of Firm : M/s Digital Engineers, Faridabad (North)  
 GSTIN : 06AAEFD9603L1ZB  
 A.Y. : 2017-18

#### **Audit Objection :-**

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A Taxable person who makes an under or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 of undue or excess reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During Scrutiny of Case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-01:-

Sr. No.	Name of Dealer	GSTIN	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total Balance
1.	M/s Digital Engineers	06AAEFD9603L1ZB	216520	38354	178166	13.12.17	31.03.21	1204	141049	319215
					178166				141049	319215

Allowing excess carried forward of ITC in TRAN-1 & Non-Verification of Actual entitlement of Transitional Credit resulted in excess carried forward of ITC which was partially used by some dealers. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e., Rs. 15.09 Lakhs.

### Reply

It is submitted that the objection raised by the Audit in case of M/s Digital Engineers, GSTIN 06AAEFD9603L1ZB has been examined by the Assessing Authority. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. The dealer is engaged in the business of manufacturing & trading of Angles, Shapes & Sections of Iron or Non Alloy Steel, Petroleum Gases & Other Gaseous Hydrocarbons. The Audit has pointed out that M/s Digital Engineers, GSTIN 06AAEFD9603L1ZB has claimed ineligible Transitional Credit of Rs. 178166/- in TRAN-01.

In response to the audit objection, it is submitted that the taxpayer claimed excess transitional credit amounting to Rs. 178166/-. Further, Demand order having No/Demand ID ZD060723010271Y date 20.07.2023 issued for recovery of excess TRAN-1 amounting to Rs. 332037/-/- for tax , interest and penalty of Rs. 178166/-Rs. 141049/- & Rs. 17817/- respectively. Recovery proceedings will be initiated under section 79 after 90 days i.e. 20.10.2023, as prescribed in GST Act 2017.

### CAG Report 2020-21

Para No.	2.11.8.3.1(a)
Sr. No. as per CAG Report	359
Name of the Firm	M/s Surya Plast, Faridabad (North)
GSTIN-	06ACTPK9528L1ZS
Assessment Year	2017-18

### Audit Objection :-

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A Taxable person who makes an under or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 of undue or excess reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During Scrutiny of Case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-01:-

Sr. No.	Name of Dealer	GSTIN	TRAN-1 Claim	Eligible ITC	Excess Claim	From	To	Days	Interest	Total Balance
1.	M/s Surya Plast	06ACTPK9528L1ZS	288528	208977	79551	19.09.17	31.03.21	1289	67424	146975
					79551				67424	146975

Allowing excess carried forward of ITC in TRAN-1 & Non-Verification of Actual entitlement of Transitional Credit resulted in excess carried forward of ITC which was partially used by some dealers. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e., Rs. 1.46 Lakhs.

### Reply

It is submitted that the objection raised by the Audit party in case of M/s Surya Plast, Faridabad (North), holding GSTIN: 06ACTPK9528L1ZS has been examined by the Proper Officer. Presently, as of now, the Tax Payer is existing, functional and conducting business at the address premises as mentioned on GST portal. The tax payer is engaged in trading of electrical goods.

The Audit has pointed out that the M/s Surya Plast holding GSTIN: 06ACTPK9528L1ZS has claimed ineligible Transitional Credit of Rs. 79,551/- in TRAN-01.

The objection raised by the Audit is admitted. In reply to audit objection, it is submitted that the original assessment was framed by then AA vide his order dated 22.04.2019 and created excess carried forward of Rs. 2,08,977/-. The dealer claimed TRAN-1 amounting to Rs. 2,88,528/-. So, the inadmissible claim of TRAN-1 Rs. 79,551/- plus interest thereon comes to Rs. 86,621/- till date. Totaling at Rs. 1,66,172/-. Show cause notice is issued on dealer for 29.03.2023. None present. DRC 01 was raised for 12.06.2023. No reply received. Finally, DRC07 has been raised vide Ref. No. ZD061023003798K dated 06-10-2023 for 06-11-2023. Recover from Cash ledger made of Rs. 44,589/- and interest Rs. 78,875/- Totaling at Rs. 1,23,464/- Vide Demand Ref. No. DC0612230025156 dated: 15-12-2023. Balance Tax Rs. 35,000/-, Interest Rs. 7,746/- and Penalty of Rs. 10,000/- totaling at Rs. 52,708/- is to be recovered.

### CAG Report 2020-21

Para No. -	2.11.8.3.1(a)
Sr. No. As per CAG Report-	366
Name of Firm-	Stahl Asia Fab Industries, Faridabad (South)
TIN/GSTIN=	06791341564/06BLIPS9462F1ZM
A.Y. 63/ 2017-18 dated	19.03.2021

### Audit Objection

Carry forward of excess Transitional credit of Non-Eligible Amount

As per provision of Section 140 of HGST Act of 2017 a registered person other than the person opting to pay tax under section 10, Shall be entitled to take in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately proceeding the appointed day, furnished by him, under the existing law in such manner may be prescribed provided that the registered person shall be allowed to make input tax credit in some specific circumstances.

A taxable person who makes an under or excess claim of input tax credit under 50(3) of CGST Act 2017 read sub section 42 or under or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be notified by the Government on the recommendation of the Council.

During scrutiny of case files of the under mentioned dealers it was noticed that the dealer carried forward excess amount of VAT in his Tran-1

Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
4,78,686	0	4,78,686	28-08-2017	19-03-2021	1299	4,30,817	9,09,503

Allowing excess carried forward of ITC in Tran-1 and non-verification of actual transitional credit resulted in excess carried forward of Transitional credit of Rs. 4 78,686/- in the assessment year 2017-18.

Matter has been brought of the notice of assessing authority for taking action as per provision of the Act, for recovery of ITC amount alongwith interest. Reply In response to the Audit para raised by the Audit party the Audit Para is not admitted. In this regard it is submitted that the tax payers has claimed an amount of Rs. 478886/- through Tran-1 which was inadmissible. While framing the Assessment for the 1st Qrt of 2017-18 the then Assessing Authority considered the Tran-1 and an additional demand of Rs. 970926/- (Tax assessed 31076 + Train-01 478686/- + Interest -461164 Total 970926/-) was created vide disposal No 63/2017-18 dated 19-03-2021. As all the steps to safe guard Govt. revenue have been taken. It is requested that the para may be settled.

#### **CAG Report 2020-21**

Para No.	2.11.8.3.1(A)
Sr. No. as per CAG Report	373
Name of the Firm	M/s India Yamaha Motor Pvt. Ltd, Faridabad (South)
GSTIN-	06AABC17552F1ZO
Assessment Year	48/2017-18/03.03.2021

**Audit Objection :-** As per provision of Section 140 of HGST Act 2017 a registered person other than the person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner may be prescribed Provided that the registered person shall be allowed to make input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read sub section (10) of Section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on



such undue or excess claim or on such undue or excess reduction, as the case may be notified by the Government on the recommendation of the Council.

Scrutiny of case files of the dealers of the bases of statement of credit taken in TRAN-1 it was noticed that the 76 dealers (Annexure enclosed) as mentioned in as below in tabular form.

Sr No	Name of Firm	GSTIN No.	TRAN-1 Claim	Eligible Claim	Excess ITC Claim	From	To	Days	Interest	Total
1	M/s India Yamaha Motor Pvt. Ltd.	06AABC17552F1ZO	58482978/-	44482537/-	14000441/-	28.08.2017	31.03.2021	1311	12068764/-	26069205/-

These dealers has carried forward excess amount of VAT Credit In TRAN-1 for his actual credit balance as per assessment order of 2017.18. Thus, allowing excess carried forward of VAT Credit Amount in TRAN-1 and not verifying the actual entitlement resulted in excess carry forward of Transactional credit of Rs. 12,17,70,326/- which has been utilized by the dealers.

Matter has been brought to the notice of assessing authority for taking action as per provision of the Act, for recovery of ITC amount along with interest.

**Reply :-**It is submitted that the objection raised by Audit in case of M/s India Yamaha Motor Pvt. Ltd, 06AABC17552F1ZO has been examined by the Assessing Authority. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. The dealer is engaged in the business of Iron and Steel Scrap. The audit has Pointed out that the M/s India Yamaha Motor Pvt. Ltd, holding GSTIN 06AABC17552F1ZO, has claimed ineligible Transitional credit of Rs. 14000441/- in TRAN-01.

The audit Para is admitted during the course of original assessment for the year 2017-18, the then A.A. assessed the tax of rupees 1,23,,08,581/- under Haryana Value Added Tax Act 2003 and rupees 63,395/- under Central Sales Tax Act, 1956. (1,23,08,581+63,395/-=12371976) along with interest of rupees 1,07,44,503/- under HVAT Act 2003 and rupees 55,365/- under CST Act 1956. (1,07,44,503/-+55,365/-=1,08,04,868/- Total interest). The then A.A. has considered Tran1 of rupees 5,68,54,513/- in assessment order but the dealer has claimed Tran 1 of rupees 5,84,82,978/- as per Electronic Credit Ledger (Copy enclosed) which was 16,28,465/- excess. The dealer has filed an appeal for interest amount (1,08,04,868/-) (copy enclosed) through Form VAT M1. From the total tax amount 1,40,00,441/- (HVAT 1,23,08,581/- (without interest) + CST 63,3695/- (without interest)+ Excess GST Tran -1 Claimed 16,28,465/-= 1,40,00,441/-) the dealer has filled an DRC 03 of 1,23,72,176/- vide ARV No – AD060721003760J dated 22/07/2023. The dealer has been taken under GST Audit u/s 65 and ADT-01 Vide reference no: ZD060223003420A Dated 10/02/2023 (Copy enclosed ) has been issued to the dealer. Discrepancy notice including excess Tran 1 Claimed was issued to the taxpayer on dated 10.08.2023 (copy enclosed). Amount of Rs. 1527304/- of excess claimed amount has been deposited by the taxpayer (DRC-03 copy enclosed). For the pending tax and interest liability Demand

Order (DRC07) has been issued on 30.10.2023(copy enclosed).As all the steps to safe guard Government Revenue have been taken, it is requested to kindly settle the Para.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 379  
 Name of Firm : M/s MUSIC CENTER (AMBALA)  
 GSTIN : 06AHLPA7747C1ZI  
 A.Y. : 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
2,48,075/-	0/-	2,48,075/-	July-2017	March-2018	1292	24,463/-	3,09,176/-

#### **Reply**

The taxpayer M/s MUSIC CENTER, Ambala, GSTIN 06AHLPA7747C1ZI, is engaged in trading of Telephone for cellular networks or for other wireless networks etc. The firm was Suo-Moto Cancelled w.e.f. 11.04.2022. The Audit objection raised by the Audit Party is admitted.

Please in reference to the earlier reply in respect to the present para, in continuation of the same, it is submitted that the demand order in Form GST DRC-7A, vide Reference No.: ZD060322009176T, dated: 30.03.2022 issued to the taxpayer. The taxpayer has failed to deposit the tax in normal course so the recovery proceedings under section 79 of the HGST/CGST Act, 2017, has been initiated by issuing notice to the Bank in Form GST DRC-13, vide Memo No. 2371, Dated: 27.10.2023 for Bank Account attachment. Further, the letter to Tehsildar, vide Memo No. 774/Excise and Taxation Officer/TI/W-9, Dated: 27.10.2023 has also been issued to know about the property details in the name of proprietor. Efforts are being made to trace out the taxpayer and to recover the arrear. This is submitted for information please.

**CAG Report 2020-21**

Para No. : 8.3.1 (a)  
 Sr. No. : As per CAG Report: 380  
 Name of Firm : M/s Ghambir Enterprises (AMBALA)  
 GSTIN : 06AAYPG1276C1ZP  
 A.Y. : 2017-18

**Audit Objection :****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
65777	0	65777	27-08-2017	31-03-2021	1312	56745	122522

**Reply of Para :-**

Please refer to the office reply dated 27.10.2023 with respect to the present para. It is submitted that the objection raised by Audit in case of M/s Ghambir Enterprises, Ambala GSTIN 06AAYPG1276C1ZP has been examined by the Assessing Authority. The taxpayer is engaged in the business of ICECREAM AND OTHER EDIBLE ICE, WHETHER OR NOT CONTAINING COCOA. Presently, as of now the dealer is existing, functional and doing business at the address as mentioned on the GST portal. The Audit Para is admitted. The reply is in continuation of the previous reply.

In reply to audit objection it is submitted that the original assessment in this case was framed by the then Assessing Authority, Ambala City vide order dated 30.03.2021 and has also adjusted claim of ITC, as per TRAN-1 filed by the taxpayer, of Rs.1,52,261/- in his assessment order dated 30.03.2021 (copy attached) and created a demand of Rs. 7,76,792/- (Tax amount Rs. 6,18,591/-, Interest Rs. 1,48,201/- & Penalty Rs. 10,000/-). Demand has been raised in form GST DRC-07A vide ref. no. ZD060322000457W dated 02.03.2022. Recovery proceedings has been initiated against the taxpayer under HGST Act 2017.

**CAG Report 2020-21**

Para No : 2.11.8.3.1(a)  
 Sr. No as per CAG Report : 383  
 Name of Firm : M/s RANA MACHINES INDIA (P) LTD  
 (AMBALA)  
 GSTIN : 06AAFCR0134G1ZT  
 A.Y. : 2017-18

**AUDIT OBJECTION**

(Credit of Non-Eligible amount (where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
2285317	1655427	629890	23-09-2017	31-03-2021	1285	532214	1162104

It is submitted that the objection raised by Audit in case of M/s RANA MACHINES INDIA (P) LTD Private Limited, GSTIN 06AAFCR0134G1ZT has been examined by the Assessing Authority. The dealer is engaged in the business of Manufacturing-Machinery Industry-Machinery plants and equipment and parts thereof. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is not admitted or the objection raised by the audit is partly admitted or fully admitted.

This Reply is in continuation of the previous reply. In reply to the audit objection, it is submitted that the original assessment in this case was framed by the then Assessing Authority, Ambala City vide order dated 19.02.2021 and an excess carry forward was allowed amounting to Rs. 16,55,427/- for the year 2017-18. Due to clerical mistake at the time of assessment for the year 2017-18 the excess brought forward from the last year Rs. 17,33,447/- was not considered. Further, assessment order has been rectified for the year 2017-18 with excess of Rs. 22,55,775/-. The dealer has excess claimed in TRAN-1 for Rs. 22,85,317/- and excess allowed as per rectification order dated 09.03.2022 for Rs. 22,55,775/-. After rectification demand of Rs. 53,963/- (Tax 29,542 + Int. 24,421) has been created. The Assessing Authority issued final order (DRC-07) for Rs. 53,963/- vide Dated. 30.03.2022 (Copy of DRC-07 is enclosed). The taxpayer had already deposited the due amount (Tax 29,542/- + Interest 24,421/- vide reference DCO606220028263 dated 16.06.2022 of cash ledger This para is pending since long time. It is humbly requested to settle this para.

**CAG Report 2020-21**

Para No : 2.11.8.3.1(a)  
 Sr.No as per CAG Report : 385  
 Name of Firm : M/s Shiv Enterprises (AMBALA)  
 GSTIN : 06AWRPK4490M1ZS  
 A.Y. : 2017-18

**AUDIT OBJECTION****(Credit of Non-Eligible amount (where Tran-1 amount was not considered in Assessment Orders))**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
889400	0	889400	26-12-2017	31-03-2021	1191	736030	1625430

**REPLY OF PARA**

It is submitted that the objection raised by Audit in case of M/s Shiv Enterprises, GSTIN 06AWRPK4490M1ZS has been examined by the Assessing Authority. The dealer is engaged in the business of Manufacturing-Building Materials Industry-Any other building material etc. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is not admitted or the objection raised by the audit is partly admitted or fully admitted.

This Reply is in continuation of the previous reply. In reply to the audit objection, it is submitted that the original assessment in this case was framed by the then Assessing Authority, Ambala City vide order dated 04.11.2019 and demand created to Rs. 58,734/- for the year 2017-18. The dealer has claimed ITC in TRAN-1 for Rs. 8,89,400/- and no excess was allowed to the dealer as per assessment order for quarter ending 30.06.2017. The Assessing Authority issued final order (DRC-07) for Rs. 16,25,430/- vide Dated. 28.03.2022. (Copy of DRC-07 is enclosed). The Amount of Rs. 6,98,980/- has been recovered from balance available in credit ledger of the taxpayer. For balance arrear of Rs. 9,26,450/- efforts are being made to recover the due amount. This para is pending since long time. It is humbly requested to settle this para.

**CAG Report 2020-21**

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	393
Name of Firm	:	M/s The Scientific Instrument Co., (AMBALA)
GSTIN	:	06AINPB4201H1ZR
A.Y.	:	2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
294377	37684	256693	12/27/2017	03/31/2021	1190	200853	457546

**Reply**

It is submitted that the objection raised by Audit in case of M/s The Scientific Instrument Co., Ambala, GSTIN 06AINPB4201H1ZR has been examined by the Assessing Authority. The dealer is engaged in the business of instruments and appliances used in medical, surgical, dental or veterinary sciences etc. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is not admitted

In reply to Audit Para it is humbly submitted that after rectification of Original Assessment order, the taxpayer is found eligible for ECF of 37684/-(45415-7731) whereas in its Tran-01 it has claimed ITC of Rs.294377. In this manner, the excess ITC claim in Tran-01 comes of Rs. 256693/-. Accordingly, an intimation in form DRC-01A under section 74 read with rule 142 (1A) of CGST/HGST Act, 2017 stands issued to the dealer on dated 03.03.2022. But the taxpayer has failed to deposit the pending dues within the stipulated time. Now, notice is form DRC-01 u/s 74 issued on dated 09.05.2022. Thereafter, the order in Form DRC-07 stands issued on dt. 15.07.2022. Now, the recovery of Rs. 256693/-(SGST) have been recovered from the taxpayer credit ledger. The recovery of interest & penalty will be intimated accordingly. In view of the above the para may be settled.

**CAG Report 2020-21**

Para No : 2.11.8.3.1(a)  
 Sr. No as per CAG Report : 398  
 Name of Firm : M/s Sakshi Enterprises (AMBALA)  
 GSTIN : 06AAJHP1327A1ZO  
 A.Y. : 2017-18

**AUDIT OBJECTION****(Credit of Non-Eligible amount (where Tran-1 amount was not considered in Assessment Orders))**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
590598	0	590598	21-12-2017	31-03-2021	1196	489584	1080182

**REPLY OF PARA**

It is submitted that the objection raised by Audit in case of M/s Sakshi Enterprises, GSTIN 06AAJHP1327A1ZO has been examined by the Assessing Authority. The dealer is engaged in the business of Trading-Trader-Iron & steel merchant. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is not admitted or the objection raised by the audit is partly admitted or fully admitted.

This Reply is in continuation of the previous reply. In reply to the audit objection, it is submitted that the original assessment in this case was framed by the then Assessing Authority, Ambala City vide order dated 31.10.2019 for the year 2017-18. The dealer has claimed ITC in TRAN-1 for Rs. 5,90,598/- and no excess was allowed to the dealer as per assessment order for quarter ending 30.06.2017. The Assessing Authority issued final order (DRC-07) for Rs. 10,80,182/- vide Dated. 28.03.2022 (Copy of DRC-07 is enclosed). The Amount of Rs. 5,90,598/- has been recovered from balance available in credit ledger of the taxpayer. For balance arrear of Rs. 489584/- efforts are being made to recover the due amount. This para is pending since long time. It is humbly requested to settle this para.

**CAG Report 2020-21**

Para No. : 8.3.1 (a)  
 Sr. No. as per CAG Report : 403  
 Name of Firm : B.C. ENTERPRISES (AMBALA)  
 GSTIN : 06BRUPS0362P1ZX  
 A.Y. : 2017-18

**Audit Objection :****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
685705	0	685705	26-12-2017	31-03-2021	1191	536992	1222697

**Reply of Para :-**

This reply is in continuation of the previous reply. In reply to the audit objection, it is submitted that the objection raised by Audit in case of M/sB.C. ENTERPRISES, Ambala GSTIN 06BRUPS0362P1ZX has been examined by the Proper Officer. The taxpayer is engaged in the business of Petroleum Oils And Oils Obtained From Bituminous Minerals, Lubricating Preparations (Including Cutting-Oil Preparations, Bolt Or Nut Release Preparations, Anti-Rust Or Anti-Corrosion Preparations And Mould Release Preparations. Presently, as of now the dealer is existing, functional and doing business at the address as mentioned on the GST portal. Audit objection raised by the audit is not admitted, because during the assessment for the year 2017-18 opening input of amounting Rs. 1838940/- for the year 2014-15 not considered in previous year assessments. The taxpayer filed an appeal in the court of Joint ETC(Appeal) Ambala against the matter vide on dated 27.04.2022 and same was still pending. (Copy of appeal attached.) As per record if excess carried forward consider then no excess claim difference of TRAN balance. Recovery proceeding has been initiated under HGST ACT, 2017 (Copy of DRC-07 is enclosed). This para is pending since long time. It is humbly requested to settle this para.

**CAG Report 2020-21**

Para No	:	2.11.8.3.1(a)
Sr. No as per CAG Report:	:	408
Name of Firm	:	M/s Goyal Industries. (AMBALA)
GSTIN	:	06AGUPG7325E1ZB
A.Y.	:	2017-18

**AUDIT OBJECTION****(Credit of Non-Eligible amount (where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-



verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
500177	77965	422212	18-10-2017	31-03-2021	1260	350648	772860

#### REPLY OF PARA

It is submitted that the objection raised by Audit in case of M/ Goyal Industries., GSTIN 06AGUPG7325E1ZB has been examined by the Assessing Authority. The dealer is engaged in the business of Manufacturing-Electric and Electronic Industry-Electrical appliances etc. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is not admitted or the objection raised by the audit is partly admitted or fully admitted.

This Reply is in continuation of the previous reply. In reply to the audit objection it is submitted that the original assessment in this case was framed by the then Assessing Authority, Ambala City vide order dated 12.09.2019 and an excess carry forward was allowed amounting to Rs. 77,965/- for the year 2017-18. The dealer has claimed ITC in TRAN-1 for Rs. 5,00,177/- and Excess of Rs. 77,965/- was allowed to the dealer as per assessment order for quarter ending 30.06.2017. The Assessing Authority issued final order (DRC-07) for Rs. 7,72,860/- vide Dated. 28.03.2022(Copy of DRC-07 is enclosed). The Amount of Rs. 2,90,503/- has been recovered from balance available in credit ledger of the taxpayer. For balance arrear of Rs. 4,82,357/- efforts are being made to recover the due amount. This para is pending since long time. It is humbly requested to settle this para.

#### CAG Report 2020-21

Para No: : 2.11.8.3.1(a)  
 Sr. No as per CAG Report: : 410  
 Name of Firm : M/s BHARTIYA KHADI GRAM SEWA  
 ASHARAM (AMBALA)  
 GSTIN : 06AAAAB5330R1ZN  
 A.Y. : 2017-18

#### AUDIT OBJECTION

##### (Credit of Non-Eligible amount (where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the

notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
380707	63762	316945	27-10-2017	31-03-2021	1251	262986	579931

#### REPLY OF PARA

It is submitted that the objection raised by Audit in case of M/ BHARTIYA KHADI GRAM SEWA ASHARAM., GSTIN 06AAAAB5330R1ZN has been examined by the Assessing Authority. The dealer is engaged in the business of Manufacturing-Textile Industry-All types of yarn. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is not admitted or the objection raised by the audit is partly admitted or fully admitted.

This Reply is in continuation of the previous reply. In reply to the audit objection it is submitted that the original assessment in this case was framed by the then Assessing Authority, Ambala City vide order dated 02.08.2019 and an excess carry forward was allowed amounting to Rs. 63,762/- for the year 2017-18. The dealer has claimed ITC in TRAN-1 for Rs. 380707/- and Excess of Rs. 63,762/- was allowed to the dealer as per assessment order for quarter ending 30.06.2017. The Assessing Authority issued final order (DRC-07) for Rs. 5,79,931/- vide order Dated. 28.03.2022(Copy of DRC-07 is enclosed). The Amount of Rs. 1,40,103/- has been recovered from balance available in credit ledger of the taxpayer. For balance arrear of Rs. 4,39,828/-. Efforts are being made to recover the due amount. This para is pending since long time. It is humbly requested to settle this para.

#### CAG Report 2020-21

Para No.	2.11.8.3(a)
Sr. No. as per CAG Report	431
Name of Firm	Jai Shri Strips LLP
TIN	06AALFJ7976P2Z9
A.Y	2017-18

#### Audit Objection

As per provision of Section 140 of HGST ACT 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be

at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the under mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

Name of Dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC Claim	From	To	Days	Interest	Total
Jai Shri Strips LLP	06AALFJ7976P2Z9	552166	361667	190499	9/30/2017	3/31/2021	1278	160082	350581

Allowing excess carried forward of ITC I Tran-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which was partially used by the some dealers. As the access to ECL Was not available to audit party, hence, calculation of interest has been made on the basis of months mentioned in Tran-1 of/form of dealers/ firms.

Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest .

#### Reply of Firm

In reply to the Audit Para, it is submitted that the taxpayer is a trader of iron and non-alloy steel. Taxpayer is not functional. It is submitted that DRC 07A vide reference no. ZD060322009701Y dated 31.03.22. has been issued worth Rs. 350581/-(Tax & Interest) to the dealer. Credit was not available in credit Ledger. Firm is closed. Efforts are being made to recover the arrear.

#### CAG Report 2020-21

Para No.	2.11.8.3(a)
Sr. No. as per CAG Report	436
Name of Firm	M/s Gupta Sales Company
TIN	06AIZPK2311D1ZF
A.Y	2017-18

#### Audit Objection

As per provision of Section 140 of HGST ACT 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the under mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

Name of Dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC Claim	From	To	Days	Interest	Total
Gupta Sales Company	06AIZPK2311D1ZF	623764	407332	216432	11/30/2017	3/31/2021	1217	173193	389625

Allowing excess carried forward of ITC I Tran-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which was partially used by the some dealers. As the access to ECL Was not available to audit party, hence, calculation of interest has been made on the basis of months mentioned in Tran-1 of/form of dealers/ firms.

Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest .

Reply of Firm

In reply to the Audit Para, it is submitted that the taxpayer is a trader of scrap. Taxpayer is existent and functional. It is submitted that DRC 07 has been issued worth Rs. 389625/-to the dealer. Tax amount Rs. 194891/- has been recovered vide payment reference number IP0606220000855 dated 10.06.2022. (Screen shot is annexed for your kind perusal). Recovery proceedings of interest have been initiated.

#### **CAG Report 2020-21**

Para No.	2.11.8.3(a)
Sr. No. as per CAG Report	448
Name of Firm	Vijay Electronics
TIN	06ADHPT7839E1Z6
A.Y	2017-18

#### **Audit Objection**

As per provision of Section 140 of HGST ACT 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the under mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

Name of Dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC Claim	From	To	Days	Interest	Total
Vijay Electronics	06ADHPT7839E1Z6	682795	0	682795	11/30/2017	3/31/2021	1217	546386	1229181

Allowing excess carried forward of ITC I Tran-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which was partially used by the some dealers. As the access to ECL Was not available to audit party, hence, calculation of interest has been made on the basis of months mentioned in Tran-1 of/form of dealers/ firms.

Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest

**Reply** of Firm In reply to the Audit Para, it is submitted that the taxpayer is a trader of electronic items. Taxpayer is existent and functional. Tax amount of Rs. 682795/- has already been recovered vide payment reference number IP0606220000854 dated 10.06.2022 (Screen shot is attached for kind perusal). Interest portion is pending for recovery. Efforts are being made to recover interest also. In the light of the submissions made above, para may kindly dropped.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 452  
 Name of the Firm: SHIV TRADING COMPANY  
 GSTN- 06AYIPS0304H1ZN  
 A.Y- 2017-18

#### **Audit Objection**

As per provision of Section 140 of HGST Act 2017, a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in his electronic credit the amount of CENVAT/ VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take input tax credit in some specific circumstances.

A taxable person who make an undue or excess claim of input tax under 50 (3) of CGST Act 2017, read with sub section (10) of section 42 or undue or excess reduction in output tax liability under sub section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding 24%, as may be notified by the government on the recommendation of the council.

During scrutiny of case files of the under mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
2011978	0	2011978	12/12/2017	31/03/2021	1205	1594148	3606126

#### Reply

M/s Shiv Trading Company GSTN 06AYIPS0304H1ZN migrated from vat regime to GST. The firm is active and functioning. The taxpayer is a trader and deals in Flue Cured Tobacco Virginia commodity . The audit party has raised an objection regarding the amount claimed in train-1. The para is admitted.

In reply to audit para, it is submitted that the dealer claimed Rs. 2,011,978 in TRAN-1. However, as per the assessment and rectification order for the year 2017-18, an excess amount of Rs. 943,331 was identified. The Department blocked an amount of Rs. 2,360,427 on 19-07-2023 due to the ineligibility of the amount claimed in TRAN-1. Subsequently, DRC-01A was issued with Reference No. ZD060322009741U, and DRC-01 was issued with Reference No. ZD060323008286P by the department, totaling Rs. 1,969,823. This amount comprises Rs. 1,068,647 as tax and Rs. 901,176 as interest. A DRC-07 for the same was issued with Reference No. ZD0607230098963 on 19-07-2023. The taxpayer has filed an appeal against DRC-07 (copy APL-01 is enclosed). As the matter is prejudice and the undersigned has already issued DRC-07 and all the necessary action for protection of the Govt. revenue has been taken , therefore, the para may please be settled.

#### CAG Report 2020-21

Para No. –	2.11.8.3.1(a)
Sr. No. as per CAG Report:	457
Name of the Firm-	M/s Roshan Lal Kirori Mal, Hisar
GSTIN:-	06ADPPM8960M1ZO
A.Y.-	2017-18

#### Audit Objection

##### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
1628290	1340576	287714	26.12.17	31.03.21	1191	225316	513030

### Reply of Para

It is submitted that the objection raised by Audit in case of M/s Roshan Lal Kirori Mal, Hisar GSTIN 06ADPPM8960M1ZO has been examined by the Assessing Authority. The dealer is engaged in the trading of food grains, oil-cake etc. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is partly admitted.

Ineligible ITC as pointed out by the audit party amounting to Rs. 287714/-, is on account of the adjustment of the demand created during the assessment for the A.Y. 2017-18 under HVAT & CST Act. Now, the assessment orders of F.Y. 2016-17 and 2017-18 have been rectified vide demand no. 115-A/16-17 dated 30.11.2022 and demand no 25-B/17-18 dated 10.04.2023 respectively. The demand as per rectified order is 133968/- which will be recovered shortly along with interest.

### CAG Report 2020-21

Para No. :	2.11.8.3.1 (a)
Sr. No. as per CAG Report:	491
Name of Firm:	M/s Charminar Jointings Pvt. Ltd.
GSTIN :	06AACCC3051C1ZD
A.Y.:	2017-18

### Audit Objection

Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
2178073	74986	2103087	13.02.2017	31.03.2021	1204	1664953	3768040

### Reply

It is submitted that the objection raised by Audit in case of **M/s Charminar Jointings Pvt. Ltd.**, Bahadurgarh, Jhajjar, GSTIN 06AACCC3051C1ZD has been examined by the Assessing Authority. The dealer is engaged in the business of mfg. of asbestos fiber jointing. Presently, the dealer is Active at its business premises as mentioned on the GST Portal.

Audit objection raised by the audit party is admitted. In this regard, it is submitted that excess carried forward of the year 2015-16 vide disposal No. 480 dated 14/12/2017 was not considered in the A.Y. 2017-18. Later on, AA rectified previous order on dated 09/09/2021 and allowed the benefit of C forms as well as excess C/F of previous year 2015-16. Resultantly, an amount of Rs. 2164524/- came excess C/F for the year 2017-18. In this way, out of Rs. 2178073/- as claimed in Tran 1, Rs. 2104524/- is adjusted

under VAT Act after rectification and Rs. 13549/- is an outstanding demand. Further, a statutory notice in form of DRC-07A, comprising Rs. 13549/- as tax & Rs.13188 as an interest vide case ID No. AD 060323011362R was issued to the dealer in order to recover the pending amount. (Copy of DRC07A is enclosed). By doing so, this liability has been created in the electronic credit ledger of the dealer. As the government revenue has been protected, therefore, it is requested to settle this audit para.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report: 504  
 Name of Firm: M/s VIVEK SEHGAL INDUSTRIES  
 GSTIN : 06AFXPS3959L1ZB  
 A.Y.: 2017-18

#### **Audit Objection**

Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1592673	0	1592673	27/12/2017	31/03/2021	1190	1246212	2838885

#### **Reply**

It is submitted that the objection raised by Audit in case of M/s **VIVEK SEHGAL INDUSTRIES**, Bahadurgarh, Jhajjar GSTIN **06AFXPS3959L1ZB** has been examined by the Assessing Authority. The dealer is engaged in the business of **Screw Bolts**. Presently, the dealer is Active at its business premises as mentioned on the GST Portal. Audit objection raised by the audit party is admitted.

The audit para is admitted. Further, it is submitted that the assessment of M/s **VIVEK SEHGAL INDUSTRIES** for the A.Y. 2017-18 was framed as an Ex-parte and created an additional demand of Rs. 1154952/- in VAT and Rs. 134451/- in CST respectively vide A.O No. 1487 dated 22.04.2020 but dealer did not deposit the demand and preferred an appeal before Ld . Joint ETC (Appeals), Rohtak. Further, DRC 07A vide no. ZD061223014760W has been issued to the dealer and tax liability is created in the Electronic ledger of the dealer (copy enclosed). As the government revenue has been protected, therefore, it is requested to settle this audit para.



**CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report: 505  
 Name of Firm: M/s HARYANA HARDWARE STORES PVT LTD  
 GSTIN : 06AACCH2230C1ZD  
 A.Y.: 2017-18

**Audit Objection**

Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1871158	0	1871158	10/10/2017	21/03/2021	1268	1560084	3431242

**Reply**

It is submitted that the objection raised by Audit in case of M/s **HARYANA HARDWARE STORES PVT LTD**, Bahadurgarh, Jhajjar GSTIN **06AACCH2230C1ZD** has been examined by the Assessing Authority. The dealer is engaged in the business of **Hardware Goods**. Presently, the dealer is Active at its business premises as mentioned on the GST Portal. Audit objection raised by the audit party is admitted.

The audit para is admitted. It is informed that the assessment of this firm for the A.Y 2016-17 was framed as an Ex-parte but the dealer preferred an appeal before Ld. Joint ETC (Appeals), Rohtak. The Ld. Joint ETC (Appeals), Rohtak remanded the case which has been decided by the Assessing Authority and consequently, an excess amount of Rs. 1848391/- vide order no. 1523A/16-17 dated 02.08.2023 was created for the A.Y. 2017-18 (copy enclosed). The difference of balance tax amount of Rs. 22767/- with interest amount of Rs. 22764/- is outstanding against the taxpayer. Further, DRC07A of Rs. 45534/- vide no. ZD061223014001E is already issued and liability is created in electronic Credit ledger of the dealer. As the government revenue has been protected, therefore, it is requested to settle this audit para.

PARA NO. – Para 2.11.8.3.1(a)  
 S. No – 515  
 Name of the Dealer – Ess Kay Ind. (Jind)  
 GSTIN - 06AMLPK4607L1ZT  
 A.Y. – 2017-18

### Audit Objection

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10 shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished y him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output

Tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate no exceeding twenty four per cent,as may be notified by the Government on the recommendations of the Council.

During scrutiny of case filed of the under-mentioned dealer it was noticed that dealers carried forward excess amount of VAT in his TRAN-I:-

Name	GSTIN	TRAN-I	Eligible	Excess	From	To	Days	Interest	Total
Ess Kay Ind	06AMLPK4607L1ZT	701508	0	701508	27.12.2017	31.03.2021	1190	548906	1250414

### Reply of Para

In reply to the audit objection it is submitted that the audit para is admitted. The dealer migrated to GST (GST No. 06AMLPK4607L1ZT). The taxpayer was a trader. Present status of the taxpayer cancelled w.e.f. 07.09.2021. Original assessment for the year 2017-18 was framed vide order No. 1209/17-18 dated 19.11.2019, by creating an additional demand of Rs. 367617/- unde VAT Act and Rs. 196800/- under CST Act (total Rs. 564417/-) But the dealer has filed TRAN -1 of amounting to Rs. 701508/-. Audit officer raised objection that ITC claimed in TRAN-1 was ineligible and directed to recover the same with interest. In compliance of the audit memo DRC-07 for tax amounting to Rs. 701508/-and interest amounting to Rs. 584906/- (Total Rs. 1250414/-) was issued to the taxpayer on dated 27.08.2021. As all the action under GST Act taken therefore, in view of the above audit para deserve to be dropped.

PARA NO. –	Para 2.11.8.3.1(a)
S. No –	516
Name of the Dealer –	Harsh Exports (Jind)
GSTIN -	06AAYPG1141N1ZE
A.Y. –	2017-18

### Audit Objection

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10 shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished y him under the existing law in such manner as may be prescribed. Provided that the

registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output

Tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case filed of the under-mentioned dealer it was noticed that dealers carried forward excess amount of VAT in his TRAN-I:-

Name	GSTIN	TRAN-I	Eligible	Excess	From	To	Days	Interest	Total
Harsh Exports	06AAYPG1141N1ZE	861892	849930	11962	18-11-2017	31.03.2021	1229	9667	21629

#### Reply of Para

M/s Harsh Exports, TIN-06392012539(GSTIN-06AAYPG1141N1ZE) claimed excess amount in TRAN-1 of VAT Rs. 11962/- . DRC-07 has been issued vide Ref. No. ZD060723014728B dated 28.07.2023 of Tax Rs. 11962- and interest Rs. 9667/-. Total Rs. 21629/-. The Taxable Person is in Central Jurisdiction, therefore, Letter has been written on 28.07.2023 and reminder on 21.11.2023 for the recovery of the same. As all the action under GST Act taken therefore, in view of the above audit para deserve to be dropped.

#### CAG Report 2020-21

Para No.	2.11.8.3.1(A)
Sr.No. as per CAG Report	518
Name of Firm	Tulsi H.P. Gas
GSTIN	06BBAPS4106D1Z5
A.Y.	2017-18

#### Audit Objection

As per provision of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Cenvat/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section (10) of Section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in Tran-1, it was noticed that the following dealers carried forward excess amount of vat

credit in Tran-1 for his actual credit balance as per assessment order of 2017-18 as detailed below:

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	TO	Days	Interest	Total
1,39,743	34,155	1,05,588	12/2017	03/2021	1185	82,359/-	1,87,947/-

Thus, allowing excess carried forward vat credit amount in Tran-1 and not verifying the actual entitlement resulted in excess carry forward of transitional credits of Rs. 1,05,588/- which has been utilized by the dealers.

Matter has been brought to the notice of assessing authority for acting as per the provision of the Act and recovered the amount alongwith interest amounting to Rs. 1,87,947/-

Similar nature of cases may also be examined and suitable corrective action may be taken accordingly and intimated to audit.

#### Reply of Para

In reply to audit, the demand of Rs. 187947/- has been created vide DRC-07 dated 24.03.2023 (copy attached). The firm stands closed w.e.f. 01.09.2022. The bank account is attached vide letter no. 1153 dated 08.12.2023. All the sincere efforts have been made in protection of Government Revenue by considering all aspects of GST Laws. The audit objection noted for future also. Hence, it is requested that para may kindly be settled.

#### CAG Report 2020-21

Para No.	2.11.8.3.1(A)
Sr.No. as per CAG Report	3
Name of Firm	Malikpuria Oil Mills
GSTIN	06AAMFR6836K1ZM
A.Y.	2017-18

#### Audit Objection

As per provision of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CEN VAT/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section (10) of Section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in Tran-1, it was noticed that the following dealers carried forward excess amount of vat

credit in Tran-1 for his actual credit balance as per assessment order of 2017-18 as detailed below:

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	TO	Days	Interest	Total
976214/-	0	976214	12/2017	03/2021	1185	763854	1740068

Thus, allowing excess carried forward vat credit amount in Tran-1 and not verifying the actual entitlement resulting in excess carry forward of transitional credits of Rs. 1740068/- (Including interest) which has been utilized by the dealers.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount along with interest amounting to Rs. 1740068/-.

Similar nature of cases may also be examined and suitable corrective action may be taken accordingly and intimated to audit.

#### Reply of Para

In reply to audit, the demand of Rs. 1740068/- has been created vide order in form DRC-07 dated 24.03.2023 (Copy attached). The amount of Rs.976214/- has been recovered on dated 13/10/2023 from the credit ledger of the taxpayer with reference no. IP06010230001506. The firm stand closed w.e.f. 02/09/2021. The recovery proceeding to recover the interest amounting to Rs. 763854/- is under process. The bank account is attached vide letter no. 1157 dated 08/12/2023. All the sincere efforts have been made in protection of Government Revenue by considering all aspects of GST Laws. The audit objection noted for future also. Hence, it is requested that para may kindly be settled.

#### CAG Report 2020-21

Para No.	2.11.8.3.1(A)
Sr.No. as per CAG Report	4
Name of Firm	Vardaan Exports
GSTIN	06AAHFV3447K1ZU
A.Y.	2017-18

#### Audit Objection

As per provision of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitle to take, in his electronic credit ledger, the amount of Cenvat/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section (10) of Section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in Tran-1, it was noticed that the following dealers carried forward excess amount of vat credit in Tran-1 for his actual credit balance as per assessment order of 2017-18 as detailed below:

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	TO	Days	Interest	Total
1937888	0	1937888	12/2017	03/2021	1185	1535444	3473332

Thus, allowing excess carried forward vat credit amount in Tran-1 and not verifying the actual entitlement resulting in excess carry forward of transitional credits of Rs. 3473332/- (Including interest) which has been utilized by the dealers.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount along with interest amounting to Rs. 3473332/-.

Similar nature of cases may also be examined and suitable corrective action may be taken accordingly and intimated to audit.

#### Reply of Para

In reply to audit, the demand of Rs. 3473332/- has been created vide DRC-07 dated 24.03.2023(copy attached).The amount of Rs. 1850219/- has been recovered on dated 13.10.2023 from the credit ledger of the taxpayer with reference no. IP0610230001518. The firm cancelled suo-moto w.e.f. 04.03.2020. The recovery proceedings to recover the balance amount of Rs. 87669/- and Interest of Rs. 1535444/- is under process. The bank account is attached vide letter no. 1158 dated 08.12.2023. All the sincere efforts have been made in protection of Government Revenue by considering all aspects of GST Laws. The audit objection noted for future also. Hence, it is requested that para may kindly be settled.

#### CAG Report 2020-21

Para No.	2.11.8.3.1(A)
Sr. No. as per CAG Report	5
Name of Firm	Jute Pack India
GSTIN	06AAMPB5318A1ZB
A.Y.	2017-18

#### Audit Objection

As per provision of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitle to take, in his electronic credit ledger, the amount of CEN VAT /VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section (10) of Section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in Tran-1, it was noticed that the following dealers carried forward excess amount of vat credit in Tran-1 for his actual credit balance as per assessment order of 2017-18 as detailed below:

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	TO	Days	Interest	Total
2318123/-	1436558/-	881565/-	9/2017	03/2021	1275	759933/-	1641498/-

Thus, allowing excess carried forward vat credit amount in Tran-1 and not verifying the actual entitlement resulting in excess carry forward of transitional credits of Rs. 1641498/- (Including interest) which has been utilized by the dealers.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount along with interest amounting to Rs. 1641498/-.

Similar nature of cases may also be examined and suitable corrective action may be taken accordingly and intimated to audit.

#### Reply of Para

In reply to audit the demand of Rs. 1641498/- (Tax 881565/- + Interest 759933/-) has been created vide DRC-07 dated 21.06.2023(copy attached). The amount of Rs. 656156/- has been recovered through ITC Reference no. IP0612230001095 & IP0612230001098 dated 06.12.2023. The recovery of balance amount of tax Rs. 225409/- and interest of Rs. 759933/- is under process. The bank account is attached vide letter no. 1154 dated 08/12/2023. All the sincere efforts have been made in protection of Government Revenue by considering all aspects of GST Laws. The audit objection noted for future also. Hence, it is requested that para may kindly be settled.

#### CAG Report 2020-21

Para No.	2.11.8.3.1(A)
Sr.No. as per CAG Report	6
Name of Firm	B & R Mineral
GSTIN NO.	06AAMFB8146N1ZX
A.Y.	2017-18

### Audit Objection

As per provision of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Cenvat/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under 50 (3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43 shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in Tran-I, it was noticed that the following dealers carried forward excess amount of vat credit in Tran -1 for his actual credit balance as per assessment order of 2017-18 as detailed below:

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	TO	Days	Interest	Total
569305/-	340592/-	228713/-	12/2017	03/2021	1185	178396/-	407109/-

Thus, allowing excess carried forward vat credit amount in Tran-1 and not verifying the actual entitlement resulted in excess carry forward of transitional credits of Rs. 8,45,978/- which has been utilized by the dealers.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount alongwith interest amounting to Rs. 8,45,978-.

Similar nature of cases may also be examined and suitable corrective action may be taken accordingly and intimated to audit.

### Reply of Para

In reply to audit, the demand of Rs. 407109/- has been created vide DRC-07 dated 21.06.2023 (copy attached). The amount of Rs. 228713/- has been recovered on dated 13.10.2023 from the credit ledger of the taxpayer with reference no. IP0610230001496. The firm stands closed w.e.f. 12.11.2021. The recovery proceedings to recover the interest amount of Rs. 178396/- is under process. The bank account is attached vide letter no. 1156 dated 08.12.2023. All the sincere efforts have been made in protection of Government Revenue by considering all aspects of GST Laws. The audit objection noted for future also. Hence, it is requested that para may kindly be settled.



**CAG Report 2020-21**

Para No.	2.11.8.3.1(A)
Sr.No. as per CAG Report	7
Name of Firm	Shiva Udyog
GSTIN	06AKRPK8389B1ZP
A.Y.	2017-18

**Audit Objection**

As per provision of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Cenvat/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under 50 (3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43 shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in Tran-I, it was noticed that the following dealers carried forward excess amount of vat credit in Tran -1 for his actual credit balance as per assessment order of 2017-18 as detailed below:

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	TO	Days	Interest	Total
190914/-	Nil	190914/-	11-2017	3/2021	1217	152731/-	343645/-

Thus, allowing excess carried forward vat credit amount in Tran-1 and not verifying the actual entitlement resulted in excess carry forward of transitional credits of Rs. 8,45,978/- which has been utilized by the dealers.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount alongwith interest amounting to Rs. 8,45,978-.

Similar nature of cases may also be examined and suitable corrective action may be taken accordingly and intimated to audit.

**Reply of Para**

In reply to audit, the demand of Rs. 339300/- (Tax Rs. 190914/- + Interest Rs. 152731/-) has been created vide DRC-07 dated 21.06.2023(copy attached). The amount of Rs. 141687/- has been recovered on dated 13.10.2023 from the credit ledger of the taxpayer with reference no. IP0610230001501. The firm stands active. The recovery proceedings to recover the remaining amount of Rs. 49287/- and Interest of Rs. 152731/- is under process. The bank account is attached vide letter no. 1150 dated

08.12.2023. All the sincere efforts have been made in protection of Government Revenue by considering all aspects of GST Laws. The audit objection noted for future also. Hence, it is requested that para may kindly be settled.

**CAG Report 2020-21**

Para No.	2.11.8.3.1(A)
Sr.No. as per CAG Report	8
Name of Firm	Punj Lloyd
GSTIN	06AAACP0305Q1ZI
A.Y.	2017-18

**Audit Objection**

As per provision of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitle to take, in his electronic credit ledger, the amount of Cenvat/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section (10) of Section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in Tran-1, it was noticed that the following dealers carried forward excess amount of vat credit in Tran-1 for his actual credit balance as per assessment order of 2017-18 as detailed below:

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	TO	Days	Interest	Total
28,37,616	Nil	28,37,616	10/2017	1245	03/2021	23,26,845/-	51,64,461/-

Thus, allowing excess carried forward vat credit amount in Tran-1 and not verifying the actual entitlement resulted in excess carry forward of transitional credits of Rs. 28,37,616/- which has been utilized by the dealers.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount alongwith interest amounting to Rs. 51,64,461/-.

Similar nature of cases may also be examined and suitable corrective action may be taken accordingly and intimated to audit.

**Reply of Para**

In reply to audit, the demand of Rs. 5164461/- has been created vide DRC-07 dated 24.03.2023 (copy attached). The amount of Rs. 2837616/- has been recovered on

dated 13.10.2023 with reference no. IP0610230001520 from the credit ledger of the taxpayer. The recovery proceedings to recover interest amounting Rs.2326845/- is under process by way of claim lodged in NCLT vide letter no.1160 dated 08/12/2023.

**CAG Report 2020-21**

Para No.	-	2.11.8.3.1(a)
Sr. No. as per CAG Report-		526
Name of the Firm	-	M/s JB Sales (Karnal)
GSTIN	-	06AALFJ6311Q1ZX
Assessment Year	-	223/2017-18

**Audit Objection :-**

As per the provisions of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner, as may be prescribed. Provided that the registered person shall not be allowed to take Income Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under 50(3) of CGST Act, 2017 read with sub-section 10 of section 42 or undue or excess reduction in output tax liability under sub-section 10 of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1.

Sr No	Name of Firm	GSTIN No.	TRAN-1 Claim	Eligible Claim	Excess Claim	From	To	Days	Interest	Total
1	JB Sales	06AALFJ6311Q1ZX	110234	60978	49256	27.12.17	31.03.21	1190	38541	87797

**Reply of Para :-**

In reply to audit it is submitted that audit para is not admitted. The firm M/s J.B. Sales, Karnal TIN-06512243449 had migrated into GST Regime having GSTIN 06AALFJ6311Q1ZX. The firm was cancelled on dated 14.03.2022 w.e.f 01.07.2017 on application submitted by the taxpayer. The taxpayer deals in Bread, Pastry, Cakes, Biscuits And Other Bakers Wares. The assessment case of M/s J.B. Sales, Karnal TIN-06512243449 for the year 2017-18 has been decided by the then Assessing Authority, Karnal vide order No. 223/17-18 and ECF to the tune of Rs. 60978/- is allowed under the HVAT Act, 2003.

Proceedings were initiated for verification of this excess claim of TRAN-1 to the tune of Rs.49256/- and the taxpayer was issued show cause notice under section 73 in the form GST DRC-01 on dated 25.04.2022 and subsequently order under section 73 is

passed alongwith form GST DRC-07 on dated 14.03.2023 creating demand to the tune of Rs. 110925/- (Rs. 49256 /- as tax + Rs. 61669/- as interest) under SGST head. The taxpayer is directed to make the payment by 24.03.2023. Copy of form GST DRC-07 alongwith order under section 73 of CGST/HGST Act, 2017 is enclosed. However, recovery of Rs. 1,077/- is done on dated 03.04.2023 by setting of this demand from balance available in Electronic Credit Ledger of the taxpayer.

In view of above facts, the audit para may be dropped.

Para No:	2.11.8.3.1(a)
Sr No as per CAG Report	536
Name of Firm	M/s Saya Networks (Karnal)
TIN	06ACWFS5929A1ZS
A.Y	2017-18

**Objection:** Carry forward of Excess Transitional Credit of VAT and Interest thereon.

The Firm/Registered person M/s Saya Network, TIN 06872242273 registered under HVAT Act 2003 and migrated to GST Act under GSTIN 06ACWFS5929A1ZS CENVAT/VAT credit carried forwarded in the returns VAT R-1 under HVAT Act 2003 for the quarter ending 30.06.2017. As per the provisions of Section 140 of CGST/HGST Act 2017 a registered person was allowed to take Input Tax Credit in some specific circumstances in Form TRAN-I. During scrutiny of case file, it was noticed that dealers carried forward excess CENVAT/VAT of Rs. 1184108/- of VAT in his TRAN-I. Allowing excess carried forwarded of ITC in TRAN-I and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which was used by registered person.

#### Reply to the Para

The Para is admitted. The registration of taxpayer is Cancelled suo-motow.e.f 05.03.2020 and was doing trading of Electronic items/Phones. It is submitted that amount of Tran-I of Rs. 1184108/- has been considered during assessment of 2017-18 (01.04.2017 to 30.06.2017). The last assessment under the HVAT Act 2003 was framed vide Disposal no 305 dated 26.03.2021 Ex-party. An additional demand was created for Rs. 9973347/- (Tax 5362015/-+ Interest 4611332/-) under HVAT Act 2003. The taxpayer aggrieved the assessment order and preferred an appeal against the order of the Assessing authority before the Hon'bleJt Excise & taxation Commissioner (A), Ambala.The recoverable Tran-I amount has been considered in assessment. Registrationwas cancelled Suo-Moto and Last Demand Notice has been issuedfor 17.11.2023.Letter to the Tehsildar Karnal was sent on 03.11.2023 for providing the detail of properties of the partners of the firm. Hence Para may be settled.

#### CAG Report 2020-21

Para No.	- 2.11.8.3.1(a)
Sr. No. As per CAG Report	- 548
Name of the Firm	- M/s Green Gold Cold Stores
GSTIN	- 06AGHPG9736A2ZK
TIN	- 06072244466
A.Y	- 2017-18

### Audit Objection

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section 10 of Section 42 or undue or excess reduction in output tax liability under sub-section 10 of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case pertaining to year 2017-18 no excess has accrued as your case has been decided ex-parte due to non-appearance and non-submission of documents. The actual credit balance as per 2017-18 is given as below:-

Name of Firm	Actual credit balance as per order	Amount carried forward in TRAN-1	Difference of ITC amount	Month of carried forward	Interest calculated @2% per month	Total
Gold Cold Stores 06AGHPG9736A2ZK	0	185648	185648	12/2017	39 months 144805/-	330453

### Reply of Para

In reply to audit objection, it is submitted that above mentioned firm is active and doing the business of dairy products and migrated from VAT regime. The para raised in the audit objection is admitted. The dealer has claimed TRAN-1 amounting to Rs.185648/- in the A.Y. 2017-18. Notice has been issued in the form of GST DRC-01A [See rule 142(1) (a) for dated 15.04.2022 {SCN Reference No- ZD060322009424W} again Notice has been issued in the form of GST DRC-01[See rule 100(2) & 142(1)(a) SCN Reference No- ZD060922012174Q].

Further Notice has been issued in the form of GST DRC-07 [See rule 142(5)] for dated 27.01.2023 {SCN Reference No-ZD0611220129004}. Recovery proceedings are being initiated against the taxpayer.

Hence, the para may be settled.

### CAG Report 2020-21

Para No.	- 2.11.8.3.1(a)
Sr. No. As per CAG Report	- 550
Name of the Firm	- M/s DLA Ind. Pvt. Ltd
GSTIN No.	- 06AAFCD0266K1ZP
TIN	- 06322240091
A.Y	- 2017-18

### Audit Objection

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section 10 of Section 42 or undue or excess reduction in output tax liability under sub-section 10 of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case pertaining to year 2017-18 no excess has accrued as your case has been decided ex-parte due to non-appearance and non-submission of documents. The actual credit balance as per 2017-18 is given as below:-

Name of Firm	Actual credit balance as per order	Amount carried forward in TRAN-1	Difference of ITC amount	Month of carried forward	Interest calculated @2% per month	Total
DLA Ind. Pvt. Ltd 06AAFC0266K1ZP	0	936526	936526	12/2017	39 months 730490/-	1667016

### Reply of Para

In reply to audit objection, it is submitted that above mentioned firm is not active and doing the business of plywood and migrated from VAT regime. The para raised in the audit objection is admitted. The dealer has claimed TRAN-1 amounting to Rs.936526/- in the A.Y. 2017-18, the firm's stands cancelled w.e.f. 02.09.2021. The ITC amounting to Rs.2877952/-(Rs. 26,52,296/- under CGST Act and Rs.225656/- under SGST Act) has been blocked. Notice has been issued in the form of GST DRC-01 [See rule 100(2) & 142(1) (a) for dated 15.04.2022 {SCN Reference No- ZD060322009417R}. Reminder-I has been issued for 25.10.2023 {SCN Reference No- ZD0610230123626}. Now Reminder-II has been issued for personal hearing for 10.11.2023 {Reference No- ZD061123005909J}. Since the firm is closed and ITC has already blocked. DRC-07 will be issued after 10.11.2023 and recovery will be made from blocked ITC.

Hence, the para may be settled.

### CAG Report 2020-21

Para No.	2.11.8.3.1 (a)
Sr. No. as per CAG Report	560
Name of the Firm—	M/s NavJyoti Agro Food Pvt. Ltd.
TIN -	06032233218
A.Y –	2017-18

### Audit Objection

#### Objection: Carry forward of Excess Transitional Credit of VAT and Interest thereon.

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50 (3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

Sr. No.	Name of the dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Interest	Total
1.	M/s NavJyoti Agro Food Pvt. Ltd.	06AADCN6704E1ZR	7108636	2587703	4520933	27-12-17	1-03-21	3540448	8061381

### Reply of Para

Para is Partially admitted. The firm Stands Active and the dealer deals in Rice Manufacturing. In reply to the audit objection, it is submitted that the firm has claimed excess carry forward of Rs. 71,08,636/- from HVAT Act, 2003 to GST regime by filing Tran-1 under SGST Act on the basis of excess carried forward in returns VAT R-1 (quarterly return 30-06-2017) under HVAT Act, 2003. The assessment for the year 2017-18 (1<sup>st</sup> quarter) has been finalized vide order No. 209/dated 05-08-2019 (copy enclosed) and an excess carried forward allowed of Rs. 2587703/- instead of excess claimed in Tran-1 Rs. 7108636/-. Thus there is excess ITC claimed of Rs. 4520933/- in TRAN-1 on which an interest of Rs. 3540448/- is not leviable because the tax payer has not utilise Excess Claimed TRAN-1. Thus total additional demand was to be recovered Rs. 4520933/-. Since the firm is closed therefore notice in the form of DRC-01 was issued. No reply received therefore DRC-07 amounting Rs. .4520933/- has been issued to the Tax Payer.

**CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. No. as per CAG Report	561
Name of the firm	M/s Best Foods Ltd
GSTIN	06AACCB2825P1ZJ
A.Y.	2017-18

**Audit Objection**

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section 10 of Section 42 or undue or excess reduction in output tax liability under sub-section 10 of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealer on the basis of statement of credit taken in TRAN-I, it was noticed that the following dealer carried forward excess amount of VAT credit in TRAN-1 for his actual credit balance as per assessment order of 2017-18 as detailed below:-

Name of Firm	Amount carried forward in TRAN-1	Difference of ITC amount	Month of carried forward	Interest calculated till 03/2021 (@2% per month)	Total
M/s Best Foods Ltd. GSTIN- 06AACCB2825P1ZJ	603637	603637	12/2017	39 months 470837/-	1074474/-

**Reply of Para**

In reply to audit objection, it is submitted that the objection raised by audit in case M/s Best Foods Limited TIN-06162226502 had migrated into GST Regime having GSTIN-06AACCB2825P1ZJ. The taxpayer deals in Rice. Audit Para is admitted. The assessment of M/s Best Foods Limited holding TIN-06162226502 for the year 2017-18 has been decided by the Assessing Authority, Karnal vide disposal no.214/17-18 dated 25.07.2019 with demand worth Rs.5697841/- under the CST Act, 1956. The firm is closed. The dealer has claimed TRAN-1 amounting to Rs. 603637/- in the assessment year 2017-18. No reply had been received in absence of which additional demand of Rs.1258543/- has been created. The tax amount worth Rs.603638/- is recovered vide payment reference no. IP0609220003268 on dated 30.09.2022 and recovery of the interest is pending. The efforts are being made to recover the pending amount.



**Enclosed:-** mention all required documents attached with reply (e.g. Assessment order, Payment Proof, order u/s 73 of CGST/SGST Act, 2017).

**CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. No. as per CAG Report	562
Name of the firm	M/s Green Earth Revolution Pvt. Ltd.
GSTIN	06AAGCG4572N1Z6
A.Y.	2017-18

**Audit Objection**

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section 10 of Section 42 or undue or excess reduction in output tax liability under sub-section 10 of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealer on the basis of statement of credit taken in TRAN-I, it was noticed that the following dealer carried forward excess amount of VAT credit in TRAN-1 for his actual credit balance as per assessment order of 2017-18 as detailed below:-

Name of Firm	Amount carried forward in TRAN-1	Difference of ITC amount	Month of carried forward	Interest calculated till 03/2021 (@2% per month	Total
M/s Green Earth Revolution Pvt. Ltd. GSTIN-06AAGCG4572N1Z6	377863	377863	09/2017	42 months 317405/-	695268/-

**Reply of Para**

In reply to audit objection, it is submitted that the objection raised by audit in case M/s Green Earth Revolution Pvt. Ltd. TIN-06862244569 had migrated into GST Regime having GSTIN-06AAGCG4572N1Z6. The taxpayer deals in Agricultural Implements. Audit Para is admitted. The assessment of M/s Green Earth Revolution, Indri District Karnal for the year 2017-18 has been decided by the Assessing Authority, Karnal vide disposal no.246/17-18 with nil demand. The firm is closed. The tax payer has claimed TRAN-1 amounting to Rs. 292794/- under the SGST head duly verified from the Electronic Credit Ledger in the assessment year 2017-18. No reply had been received

and in absence of which demand has been created in form of DRC-07 vide dated 11.11.2022 amounting to Rs.565092/-. The efforts are being made to recover the pending amount.

#### **CAG Report 2020-21**

Para No. :	2.3.11.8.3.1(a)
Sr. No. as per CAG Report:	568
Name of Firm:	M/s. Papneja Export (India), Thol, Kurukshetra
GSTIN :	06AADFP0591J1Z7
A.Y.:	2017-18

#### **Audit Objection**

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENTVAT/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under 50 (3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the following dealer it was noticed that following dealer carried forward excess amount of VAT in their TRAN-1:-

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC Claimed	Month when amount credited	Interest	Total	Remarks
1861976/-	110527	1751449/-	20 Oct. 2017	42 months 1471217/-	3222666	Amount is yet to be recovered

#### **Reply**

In response to the audit para, it is submitted that the taxpayer deals in outward supplies of Rice or Husk etc. The firm was registered under HVAT Act and migrated to GST on implementation of GST Act. The firm is active. The taxpayer had wrongly claimed TRAN-1 of Rs.17,51,449/-. Accordingly, DRC-07 raised for Rs.3572955/- vide order dated 08.05.2023 and recovery of Rs. 1414385/- has been made through ITC by utilizing Electronic Credit Ledger. Further, letter has been written to bank authorities regarding freezing the debit transaction and seeking information regarding credit balance.

In light of above observations the audit para needs to be dropped.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report : 579  
 Name of the Firm : M/s Balajee Stone Crusher, Narnaul  
 GSTIN : 06DWPPS3811F1ZB  
 Assessment Year : 2017-18

**Audit Objection**

No. AMG-II/FC/SSCA-TC/2021-22/03, Dated 30.07.2021

**Subject:- Carry forwarded of Excess Transitional credit of VAT.**

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take input tax credit in some specific circumstances.

A taxable person who make an under the excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of Section 42 or undue of excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such under or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forwarded excess amount of Rs. 1452762/- of VAT in his TRAN-1 (Annexure-A attached)

Amt. carried forward in Tran-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total
339971	51883	288088	29/09/2017	31/03/2021	1279	242278	469797

**REPLY**

It is submitted that the audit party has raised a common objection having 8 dealers, the details of which are as under:-

Sr. No	Name of Dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC Claimed	Interest	Total
575	Haryana State Co-op Supply & Mkty Fed. Ltd.	06AAAJH0022RCZ0	3933108	3824987	108121	90431	198552

576	Saraswati Spun Pipe Industries	06BJBPK3497G1Z5	554891	41792	513099	422063	935162
577	Siwatch Filling Station	06AUZPS9889C1ZG	444195	284354	159841	128118	287959
578	Shree ram Cotton Factory	06ANNPR5074K1ZD	385807	354772	31035	24896	55931
579	Balajee Stone Crasher	06DWPPS3811F1ZB	339971	51883	288088	242278	530366
580	Aggarwal Oil Store	06AAJFA2292D1ZR	1308043	260398	1047645	904476	1952121
581	Bala Ji Enterprises	06BGLPK1158F1ZI	578345	443753	134592	106641	241233
582	Naveen Agency	06ADTPK7308P1ZS	515854	452877	62977	49402	112379

The firm is lying closed since long time and GSTIN has been cancelled from 31.07.2019 and the taxpayer was engaged in the business of stone crushing. The para is admitted. The ITC amounting to Rs. 241938/- as available in electronic credit ledger has already been blocked. The recovery proceedings were initiated with the issuance of DRC-01 dated 26.07.2022. Now the DRC – 07 has been issued vide Reference no.- ZD061023007021F dated 11.10.2023 creating demand of Rs. 288088/- under SGST and the interest amounting to Rs. 181709/- has been levied @18% whereas the audit party has calculated interest @24%, which has now been amended by the government vide amendment in Finance Act, 2022 (Section-110 wherein rate of interest has been amended from 24% to 18% with retrospective effect).

#### CAG Report 2020-21

Para No. : 2.11.8.3.1A  
 Sr. No. : 583  
 Name of Firm : M/s Petcon Thermal Pvt. Ltd, Palwal.  
 GSTN : 06AAACP9083B1ZK  
 A.Y. : 2017-18

**Audit Objection:-** As per provision of Section 140 of HGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

S.N.	Name of taxpayer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
11	Pet Con Thermal Pvt. Ltd.	06AAACP9083B1ZK	1478734	0	1478734	31.08.2017	31.03.2021	1308	1271792	2750526

Allowing excess carried forward of ITC in Tran-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which was partially used by the some dealers.

Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e. } Rs. 29.53 crore.

#### Reply of Para

The firm was engaged in bituminous mixtures based on natural asphalt, petroleum oils and GSTIN of taxpayer cancelled suo-moto w.e.f. 07/10/2021. In this regard, it is submitted that notice in the form of DRC-01 dated 24.02.2022 has been issued to the taxpayer. No reply was received after that demand amounting to Rs. 2750526/- was created and DRC-07 was generated vide ARN No. ZD060322005003C dated 15.03.2022. The firm is not working due to death of the dealer. The recovery proceedings are initiated against the firm. Recovery certificate has been sent to the concerned Collectors of Delhi State on dated 19.05.2022 and reminder issued on dated 21.11.2023 to attach the properties which are in the name of dealer. Letter has been issued to HSIIDC, Faridabad on dated 31.05.2023 and reminder - 1 issued on dated 21.11.2023 for not issuing NOC in case the family members of the deceased try to sale or transfer the industrial plots of the firm, as necessary action for protection of Government revenue is taken. So, para may be settled.

#### CAG Report 2020-21

Para No.	:	2.11.8.3.1(a)
Sr. No. as per CAG Report	:	605
Name of the Firm	:	M/s Eros Traders
TIN	:	06102629721(06BAGPN2722K1ZP)
A.Y.	:	2017-18

#### AUDIT OBJECTION:

As per provision of section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the

registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under section 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case file of the under mentioned dealer, it was noticed that the dealer had carried forward excess amount of VAT in his TRAN-1 as detailed below:

Claim in TRAN-1	Eligible Claim	Excess Claim	From	To	Days	Interest	Total
2635050	0	2635050	11.10.17	31.03.21	1267	2195249	4830299

Allowing excess carried forward of ITC in TRAN-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provisions of law, for recovery of ITC amount along with interest amounting to Rs. 48,30,299/-.

**REPLY OF PARA:**

It is submitted that the objection raised by the Audit Party in case of above said firm has been examined by the Assessing Authority. The dealer is engaged in the business of trading of plywood, woven fabrics of cotton etc. Presently, as of now, the firm is cancelled on application of taxpayer w.e.f. 07.05.2018.

It is submitted that dealer has made transitional claim of Rs.2635050/- in its TRAN-1(Table 5C) in lieu of excess in VAT regime but during finalization of VAT assessment of 2017-18 (up to 30-06-2017), no excess tax was found. On the basis of Audit objection the dealer was show caused by issuing DRC-01. The dealer is cancelled and did not reply the SCN. Now demand is created by issuing DRC-07 dated 04.07.2022.

**All necessary steps to save Govt. Revenue have been taken, so it is requested to settle the present para.**

**CAG Report 2020-21**

Para No.	:	2.11.8.3.1(a)
Sr. No. as per CAG Report	:	606
Name of the Firm	:	M/s Tirupati Traders
TIN	:	06142629752 (06BCTPJ9565C1Z3)
A.Y.	:	2017-18

**AUDIT OBJECTION:**

As per provision of section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to

the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of Input Tax Credit under section 50(3) of CGST Act, 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case file of the under mentioned dealer, it was noticed that the dealer had carried forward excess amount of VAT in his TRAN-1 as detailed below:

Claim in TRAN-1	Eligible Claim	Excess Claim	From	To	Days	Interest	Total
2604119	0	2604119	24.10.17	31.03.21	1254	2147221	4751340

Allowing excess carried forward of ITC in TRAN-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provisions of law, for recovery of ITC amount along with interest amounting to Rs. 47,51,340/-.

#### REPLY OF PARA:

It is submitted that the objection raised by the Audit Party in case of above said firm has been examined by the Assessing Authority. The dealer is engaged in the business of trading of plywood & electronic integrated circuits etc. Presently, as of now, the firm is cancelled on application of taxpayer w.e.f. 07.05.2018.

It is submitted that dealer has made transitional claim of Rs.2604119/- in its TRAN-1(Table 5C) in lieu of excess in VAT regime but during finalization of VAT assessment of 2017-18 (up to 30-06-2017), no excess tax was found. On the basis of Audit objection the dealer was show caused by issuing DRC-01. The dealer is cancelled and did not reply the SCN. Now demand is created by issuing DRC-07 dated 04.07.2022.

All necessary steps to save Govt. Revenue have been taken, so it is requested to settle the present para.

#### CAG Report 2020-21

Para No.	:	2.11.8.3.1 (a)
No. as per CAG Report	:	649
Name of Firm	:	M/s AGGARWAL TRADING CO.
GSTIN	:	06ACPPR2725Q1ZU
A.Y.	:	2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
5860867	0	5860867	27-12-2017	31-03-2021	1190	4585928	10446795

**Reply of Para**

It is submitted that the objection raised by the Audit Party of M/s Aggarwal Trading Company, Kalanwali, GSTIN 06ACPPR2725Q1ZU has been examined. The dealer is engaged in business of Trader Oil Seeds, and Marble. HSN Code. 12089000, 25151290, The firm stands cancelled w.e.f. 02.07.2018. Audit objection raised by the audit is admitted.

In response to the audit objection raised by the audit party it is submitted that the case of taxpayer was selected for scrutiny and discrepancy notice including issue of TRAN-1 was issued to the taxpayer but the taxpayer did not respond to the notice and subsequent reminders after that the case was recommended for Audit. Notice in form ADT-01 was issued to the taxpayer on 21.06.2023 but he again did not respond to the notice and reminders. Hence, the case has been taken up for assessment and adjudication and notice in form DRC-01 vide Ref. No. ZD0612230080038, dated 09.12.2023 has been issued for 18.12.2023, in which the following amount claimed in TRAN-01 has been demanded.

Delay in days	Amount Claimed in TRAN-1	Interest @ 18%	Penalty u/s 74	Total
2539	5860866	7338447	5860866	19060179

In case of non compliance by the taxpayer the Order in form DRC-07 will be issued.

**Encl: 1. Copy of DRC-01****CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 655  
 Name of Firm : M/s AGGARWAL ENTERPRISES  
 GSTIN : 06AEOPG1782K1Z7  
 A.Y. : 2017-18



**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1772147	0	1772147	02-09-2017	31-03-2021	1306	1521813	3293960

**Reply of Para**

In response to the audit objection raised by the audit party it is submitted that para is admitted. Notice DRC-01 dated 03.03.2022, u/s 73(1) of SGST Act, 2017 was issued to the taxpayer. ITC of Rs. 786713 has already been blocked. Now DRC-07 vide Ref. No. ZD0612230123432, dated 13.12.2023 has been issued in which total demand Rs. 3969612 has been created including interest and penalty. Best efforts are being made to recover the demand created in DRC-07.

**Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 661  
 Name of Firm : M/s R. S. Industries , Sonipat  
 GSTIN : 06AEZPS4434F1Z0  
 A.Y. : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1009998/-	371372	638626	26.12.2017	31.03.2021	1191	500123	1138749

### Reply

It is submitted that the objection raised by Audit in case of M/sR. S. Industries, Sonipat GSTIN 06AEZPS4434F1Z0 has been examined by the Assessing Authority. The dealer is engaged in the business of manufacturing of stoves, ranges, grates, cookers (including those with subsidiary boilers for central heating) and providing other services also. Presently, the dealer's GSTIN is suspended as per GST Portal (effective from 07.08.2023) due to non filing of GST returns from the last six months. The firm is in central jurisdiction. Audit Objection raised by the audit is admitted.

In reply to the audit memo, it is submitted that the excess TRAN-1 of Rs. 10,09,998/- (Ten lakh nine thousand nine hundred ninety eight) has been recovered vide DRC-03 no. (ARN no. AD061222003802Q dated 05.12.2022). An order in Form DRC-07 has been passed on dated 14.06.2023, where demand of Rs. 984748/- (nine lakh eighty four thousand seven hundred forty eight) has been created under the interest head. Efforts are being made to recover the interest amount.

### CAG Report 2020-21

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 684  
 Name of Firm: M/s Arudra Engineers Pvt Ltd, Jagadhri  
 GSTIN : 06AAACA3144J1Z0  
 A.Y. : 2017-18

### Audit Objection

#### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
29,96,530/-	0	29,96,530/-				5,99,963/-	35,96,493/-

**Reply :** The objection raised by Audit in case of M/s Arudra Engineers Pvt Ltd, Jagadhri, GSTIN 06AAACA3144J1Z0, has been examined by the Assessing Authority. The dealer was engaged in the business of providing maintenance or repair service, cleaning services, works contract services etc. Registration of the taxpayer was cancelled on their application, with effect from 14.06.2019. Audit objection raised by audit is admitted.

The assessment case of the firm for the year 2017-18 has been assessed by the Assessing Authority vide order no 456/2017-18 dated 13.11.2019. There was no Excess input to carry forward in the said year as per Assessment Order. However, dealer had availed ITC of RS. 29,96,530/- in TRAN-1. As per available records, it was seen that they had already reversed the ITC excess availed vide DRC-03 reference No AD060319000035M dated 01.03.2019. However, Interest liability still remained pending. Hence, Show Cause Notice vide DRC-01 reference No ZD060323008373U dated 15.03.2023 was issued to them. Since no reply was received from them in the matter, Order in Form DRC-07 vide reference No ZD060423036621R dated 27.04.2023 was issued to the taxpayer, creating demand of interest of RS. 5,99,963/- and penalty of RS. 2,99,653/- as per provisions of Section 73 of the HGST Act, 2017. Results pertaining to recovery of the said amount shall be communicated to Audit in due course. Copy of Order dated 27.04.2023 and DRC-03 dated 01.03.2019 are enclosed herewith for ready reference.

Since ITC excess availed has already been reversed by the taxpayer and since demand pertaining to their interest and penalty liability has already been created, it is requested that the Audit para may please be dropped.

#### **CAG Report 2020-21**

Para No.	:	2.11.8.3.1 (a)
Sr. No. as per CAG Report	:	696
Name of Firm	:	M/s SHRI BHOLA ENTERPRISES, Jagadhri
GSTIN	:	06AAWPB3291Q1Z0
A.Y.	:	2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
402194	237600	164594	19.09.2017	31.03.2021	1289	139503	304097

#### **Reply**

It is submitted that the objection raised by Audit Party in case of M/s Shree Bhola Enterprises, Jagadhri holding TIN NO 06811608400 & GSTIN NO 06AAWPB3291Q1Z0 has been examined by the assessing authority. The dealer is engaged in manufacturing and trading of utensils. Presently, the firm is active and functional. The audit objection raised by the audit party is admitted.

M/s Shree Bhola Enterprises, Jagadhri holding TIN NO 06811608400 & GSTIN NO 06AAWPB3291Q1Z0 had availed an ITC of Rs. 4,02,194/- in the TRAN-01, but the

taxpayer was allowed an excess of Rs. 2,37,600/- only as per the original Assessment order dated 18.03.2019 for the year 2017-18, without considering the Tran-1 claim, thereby indicating ineligible/excess availment of Rs.1,64,594/- in the TRAN-01 filed by the Taxpayer. Consequent to the findings of Audit, the Taxpayer has reversed the excess ITC of Rs.1,64,594/- vide DRC-03 ARN No AD060322001137S dated 02.03.2022. Further, as per the electronic credit ledger of the taxpayer, interest of Rs. 67,695/- was payable by the Taxpayer on the ITC excess availed for the period from 19.11.2019 to 02.03.2022 @18% P.A. Out of the said amount, a sum of Rs.10,000/- was paid by the taxpayer in cash on 30.04.2022 vide CPIN No 22040600258411 and DRC-03 ARN No AD061023016494I dated 27.10.2023. For the remaining amount, demand of Rs.57,695/- has been raised vide Orders in Form DRC-07 reference No ZD060722012437M, dated 12.07.2022. Details of recovery of the said amount shall be communicated to Audit in due course. Copy of original assessment order dated 18.03.2019, copy of DRC-03 for Rs. 164594/- dated 02.03.2022, copy of DRC-03 for Rs.10000/- dated 27.10.2023 & copy of DRC-07 dated 12.07.2022 are enclosed herewith for ready reference.

Since the excess ITC has already been reversed and demand has already been created for recovery of interest, it is requested that the audit para may please be dropped.

#### **Audit Objection**

As per provisions of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in this electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or Excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-Section (10) of Section 42 or under or Excess reduction in output tax liability under sub-Section (10) of Section 43, shall pay interest on such undue or Excess claim or on such undue or Excess reduction, as the case may be at such rate not exceeding twenty-four per cent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in TRAN-I, it was noticed that **M/sMegha Enterprises**

carried forwarded excess amount of VAT credit in Tran-I for his actual credit balance as per assessment order of 2017-18. Thus, allowing Excess Carried Forward of ITC in Tran-I without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to **Rs. 1709337/-**

Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
1906719	946329	960390	31-12-2017	31-03-2021	1186	748947	1709337

### **Audit Reply**

In reply to Audit Memo, it is submitted that the firm is doing the business of Trading of Portland Cement, Aluminous cement. The Audit has pointed out that the dealer has carried forward VAT Credit Worth Rs. 1906719/- in his electronic credit ledger as per the provision of section 140 (1) of HGST Act, 2017. The audit has pointed out that the eligible claim of ITC was Rs. 946329/- and the taxpayer has claimed excess ITC in TRAN-1.

#### **The Audit Para is admitted and the taxpayer is active.**

In reply to audit objection it is submitted that original assessment of M/s Megha Enterprises having TIN 06691917896 and GSTIN 06AAZPG9179K2ZO was framed by the then AA on 06.03.2020 vide disposal no. 1648 and allowed ECF amounting to Rs. 946329.

The dealer has filed TRAN-1 on date 09.09.2017 and claimed ITC of VAT under SGST head amounting to Rs. 1906719. The transitional ITC was claimed as per section 140(1) of Haryana Goods & Services Tax Act as credit of amount of value added Tax, if any, carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner, as may be prescribed.

The registered dealer i.e. M/s Megha Enterprises was having VAT excess of Rs. 1906719/- as per return of the period ending with the day immediately preceding the appointed day i.e. for 01.04.2017 to 30.06.2017. (Copy of return in the form VAT R1 and VATR2 is enclosed for reference).

Hence transitional credit was claimed rightly in Tran-1 filed by the registered taxpayer.

Further it is stated that during assessment an excess of Rs. 946329/- only was allowed as per the assessment order. Therefore, for the excess claim of Rs. 960390 (1906719-946329) in Tran-1, DRC-01A was issued to the registered taxpayer vide letter no. 2265 dt. 09.09.2021.

The taxpayer has reversed the credit in form GST DRC-03 vide debit entry no. DI0611210067798 dt. 18.11.2021.

The taxpayer is not liable to pay interest on the same as the credit was availed but never utilized. (Copy of Electronic credit ledger from dt. 09.09.2017 to 31.01.2022 is enclosed for reference). The same is also clarified as section 50(3) is amended respectively w.e.f. 01.07.2017 to provide for levy of interest only on input tax credit wrongly "availed and utilized."

As it is evident that ITC was merely availed and not utilized as the registered tax payer availed ITC of 1906719/- under SGST head on 09.09.2017 and was continuously having ITC balance more than the Tran-1 credit under SGST head till 12-02-2019.

On 12.02.2019 credit was blocked and hence could not be utilized. The credit was unblocked on 20.05.2019 and again balance under SGST head was continuously more than 960390/-. The excess once again blocked on 03.11.2020 which was unblocked on 18-11.2021. On the same day the credit was reversed vide DRC-03 dt. 18-11-2021.

In view of the above facts, it is clear that excess Tran-1 availed is reversed and there is no liability outstanding against the taxpayer. Hence audit para may please be dropped.

Para No. 2.11.8.3.1(a)-

Carry Forward of Excess Transitional Credit of VAT and Interest thereon

M/s Megha Enterprises

Sr. No. as per CAG Report- 179

GSTIN-06AAZPG9179K2ZO

Assessment Year- 2017-18

#### **CAG Report – 2021-22**

Para No. 2.11.8. 3.1(a)

Sr. No. as per CAG Report 534

Name of the Firm – Ajit Construction(Karnal)

TIN - 06712231195

A.Y – 2017-18

**Audit Objection :-** Carry forward of Excess Transitional Credit of VAT and interest thereon

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the under mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

S. No.	Name of dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Interestinterest	Total
1	Ajit Construction Co.	06AAJFA2098R1ZU	20032773	0	20032773	23-12-17	31-03-21	15727648	35760421

Allowing excess carried forward of ITC in Tran-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which was partially used by the some dealers.

**Reply of Para :- Ajit Construction Company**

In reply to the audit it is submitted that the above mentioned firm is active and doing the business of construction of roads & bridges of the contractee departments. The firm is migrated from VAT regime. The para raised by the audit is not admitted.

It is submitted that during examining of the “**Electronic Credit Ledger**” it is found that the dealer has Claimed Transitional Cenvat Credit/VAT Credit through Tran-1 amounting to Rs. 2,00,32,773/- on dated 23-12-2017 due to non completion of assessment of previous years the dealer claimed Excess Carried forward amounting to Rs. 2,00,32,773/-. Now the previous year assessments have been completed with refund by the department and the dealer reversed the same through DRC-03 vide ARN AD060921000180S on 02-09-2021(**Copy enclosed**).

It is pertinent to mentioned here that VAT excess claimed in Tran-1 amounting to Rs. 2,00,32,773/- has already been blocked by the then Assessing Authority on 05-03-2019 (**copy of credit ledger enclosed**) & during block period there was no utilization of Excess Claim in Tran-1.

No interest is leviable on the reversal of Excess VAT through Tran-1 as the amount has been adjusted from Electronic Credit Ledger. Moreover, input tax credit amount was in excess at the time of generating DRC-03. Regarding non-levy of interest the judgment of the Hon'ble High Court of Madras delivered in the case of Mansrover Motors Pvt. Ltd Chennai Vs. Asstt. Commissioner, Chennai(2021)68 PHT 90(MAD) is brought to your notice which says “ **Central Goods and Services Tax Act, 2017, Section 50 as amended by Finance(No.2) Act, 2019-Interest where credit is due to an assessee, Payment by way of adjustment whether can still be termed 'belated' or 'delay'. Held, No-Assessee liable to pay tax under this Act is required to remit the tax either in cash or by way of adjustment of credit available in the input credit (ITC) register. Where delay is made: remitting the tax, no interest is chargeable where payment of tax is made through input tax credit. Interest therefore would be levied only on that part of the tax which is paid in cash**”.

Further GST Council's 45<sup>th</sup> meeting was held on 17-09-2021 and as per Press Release the GST Council has inter-alia made the following recommendations relating to changes in GST rates on supply of goods and services and changes related to **GST law and procedure**. The Recommendations relating to GST law and procedure is reproducing below: -

**“Measures for Trade facilitation:**

*2. In the spirit of earlier Council decision that interest is to be charged **only** in respect of net cash liability, section 50(3) of the C.G.S.T. Act to be amended retrospectively, w.e.f. 01-07-2017, to provide that interest is to be paid by a taxpayer on “**ineligible ITC availed and utilized**” and not on ineligible ITC availed”. It has also been decided that interest in such cases should be charged on ineligible ITC **availed and utilized** at 18% w.e.f. 01-07-2017.”*

Thus in view of the above stated facts, no interest is leviable on the amount claimed in Tran-1.

Hence in view of the above, the para may please be dropped.

**CAG Report 2020-21**

Para No. 2.11.8.3.1(a)  
 Sr. No. 572 as per CAG Report  
 Name of the Firm M/s Suraj Udyog  
 GSTIN 06AATPA0785F1ZQ  
 A.Y. 2017-18

**Audit objection**

**The dealer has claimed excess ITC of Rs. 1254679/- carry forward in TRAN-1 committee would like to know position in this case.**

Sr No.	Name of the dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total	H.M. No.	Category	District	Report reference	Tran in AO (Y/N)	Date of AO
572	Suraj Udyog	06AATPA0785F1ZQ	18308840	17054161	1254679	28-10-17	31-03-21	1250	1031243	2285922	996	Excess	Mewat	3.1(a)	N	0-03-20

**Reply of Para**

In the reply to the audit para issued it is hereby informed that the audit para is already accepted. The dealer is migrated dealer from VAT and is live as on today. The dealer deals in zinc oxide, unwrought lead, refined copper and copper alloys, unwrought zinc, lead oxides; red lead and orange lead. The case for the A.Y. 2017-18 was assessed on dated 20-03-2020 Vide order no. 932. In the order excess carried forward of Rs. 17044161/- was issued by the assessing officer, The dealer has filed TRAN-1 amount of Rs. 1830884. So audit objection was raised by the audit party on dated 17-09-2021 for the amount of Rs. 2285922/- alongwith interest.

In regards to the above show cause notice u/s 73 of GST Act 2017 was issued on dated 30-03-2022. In response to the notice dealer has not filed reply online. So reminder-1 was issued to the dealer. The dealer replied and asked for the adjournment to file reply. In between the firm M/s Suraj Udyog was taken for scrutiny assessment for the year 2017-18 and ASMT-10 was issued online on dated 02-03-2023. The reminder - 2 was issued to the dealer again to reply on dated 13-03-2023. The dealer was having input under input tax credit ledger of Rs. 24662 which is blocked online by giving show cause notice on dated 13-03-2023. The DRC-07 has been issued on dated 01-06-2023 vide Ref. No. ZD060623000612Y and directed to make payment by 08-06-2023. After issuing DRC-07 online the dealer approached and rectified his assessment order for FY. 2017-18. The assessment order rectified on dated 31-05-2023. Now TRAN-1 claim of Rs. 622557 is allowed. Also interest of Rs. 622557 issued on account of excess claim in TRAN-1. The amount of Rs. 622557 recovered through ITC on dated 03-07-2023 Vide payment Ref No. IP0607230000168. A notice vide order No. 547, dated 13-10-2023 issue to the taxpayer for amount of Rs. 622557/-. In light of the above audit para may be settled.



**CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. No. as per CAG Report	579
Name of the Firm	M/s Balajee Stone Crusher, Narnaul
GSTIN	06DWPPS3811F1ZB
Assessment Year	2017-18

**AUDIT OBJECTION**

No. AMG-II/FC/SSCA-TC/2021-22/03, Dated 30.07.2021

**Subject:- Carry forwarded of Excess Transitional credit of VAT.**

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take input tax credit in some specific circumstances.

A taxable person who make an under the excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of Section 42 or undue of excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such under or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forwarded excess amount of Rs. 1452762/- of VAT in his TRAN-1 (Annexure-A attached)

Amt. carried forward in Tran-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total
339971	51883	288088	29/09/2017	31/03/2021	1279	242278	469797

**REPLY**

It is submitted that the audit party has raised a common objection having 8 dealers, the details of which are as under:-

Sr. No	Name of Dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC Claimed	Interest	Total
575	Haryana State Co-op Supply & Mkty Fed. Ltd.	06AAAJH0022RCZ0	3933108	3824987	108121	90431	198552

576	Saraswati Spun Pipe Industries	06BJBPK3497G1Z5	554891	41792	513099	422063	935162
577	Siwatch Filling Station	06AUZPS9889C1ZG	444195	284354	159841	128118	287959
578	Shree ram Cotton Factory	06ANNPR5074K1ZD	385807	354772	31035	24896	55931
579	Balajee Stone Crasher	06DWPPS3811F1ZB	339971	51883	288088	242278	530366
580	Aggarwal Oil Store	06AAJFA2292D1ZR	1308043	260398	1047645	904476	1952121
581	BalaJi Enterprises	06BGLPK1158F1ZI	578345	443753	134592	106641	241233
582	Naveen Agency	06ADTPK7308P1ZS	515854	452877	62977	49402	112379

The firm is lying closed since long time and GSTIN has been cancelled from 31.07.2019 and the taxpayer was engaged in the business of stone crushing. The para is admitted. The ITC amounting to Rs. 241938/- as available in electronic credit ledger has already been blocked. The recovery proceedings were initiated with the issuance of DRC-01 dated 26.07.2022. Now the DRC – 07 has been issued vide Reference no.- ZD061023007021F dated 11.10.2023 creating demand of Rs. 288088/- under SGST and the interest amounting to Rs. 181709/- has been levied @18% whereas the audit party has calculated interest @24%, which has now been amended by the government vide amendment in Finance Act, 2022 (Section-110 wherein rate of interest has been amended from 24% to 18% with retrospective effect).

#### **CAG Report 2020-21**

Para No.	2.11.8.3.1A
Sr. No.	585
Name of Firm:-	M/s NDT Trade House Pvt. Ltd Palwal.
GSTN:-	06AADCN7284K1Z1
A.Y.:-	2017-18

**Audit Objection:-** As per provision of Section 140 of HGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

S. No.	Name of taxpayer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
14	NDT Trade House Pvt. Ltd.	06AADCN7284K1Z1	1016650	0	1016650	30.11.2017	31.03.2021	1217	813543	1830193

Allowing excess carried forward of ITC in Tran-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which was partially used by the some dealers.

Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e. Rs. 29.53 crore.

**Reply of Para:-** The firm engaged in wheat or meslin flour, meslin durum ,wheat rice, semi-milled or wholly-milled rice. The GSTIN of taxpayer cancelled suo-moto W.e.f. 31/12/2017. In this regard, it is submitted that the liquidation proceedings have been initiated against the taxpayer before the NCLT. Presently IRP has been appointed by NCLT to lodge the claim of arrear under HVAT and GST Acts, DRC-07 dated 02.03.2022 has been generated after issuance of DRC-01 dated 24.02.2022 in the instant case.Total arrear of Rs. 18495032/- has been created under both HVAT Act and GST Acts for which the claim has been lodged on dated 03.03.2022. An amount of Rs. 1850916/- (ITC 1016650 + Interest 834266) under GST Act is included in the claim lodged. Further, the excess ITC claimed Rs. 1016650/- have been recovered vide Recovery Id – ID0603220000018 dated 03/03/2022 and Payment reference no. IP0605230000800 dated 07/05/2023 and the interest amount of Rs. 834266/- still pending. ITC amounting to Rs. 795735/- has been blocked.The interest amount can not be recovered against blocked ITC amount Rs. 795735/- because interest amount can be recovered against cash ledger/ cash deposit only As all the Government revenue has been protected hence, para may be settled.

#### CAG Report 2020-21

Para No.	2.11.8.3.1A
Sr. No.	595
Name of Firm: -	M/s Oriental Steel Pvt. Ltd., Industrial Area Palwal
GSTN: -	06AACCO1390C1ZV
A.Y.:-	2017-18

**Audit Objection:-** As per provision of Section 140 of HGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the

return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

SNo.	Name of taxpayer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
18	oriental Steel Pvt. Ltd.	06AACCO1390C1ZV	570068	0	570068	30.11.2017	31.03.2021	1217	456180	1026248

Allowing excess carried forward of ITC in Tran-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which was partially used by the some dealers.

Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e. Rs. 29.53 crore.

**Reply of Para:-** The firm engaged in Sheet Piling of Iron. The GSTIN of taxpayer cancelled suo-moto w.e.f 30/05/2019. In this regard notice in the form of DRC-01 on dated 24.02.2022 was issued to the dealer. On scrutinising the record of the dealer, it was found that an amount of Rs. 990565/- was lying in the credit ledger of the taxpayer which was blocked to safe guard the revenue. DRC-07 was generated on dated 15.03.2022 vide reference No. ZD603220047750 and excess ITC claimed amounting to Rs. 570068/- has been recovered from his credit ledger on dated 26.03.2022. As the taxpayer stands cancelled w.e.f. 30.05.2019, the excess ITC claimed was not used against the liabilities, so, interest is not liable.

Considering the above mentioned facts, All the Government revenue has been protected hence, para may be settled.

CAG Report	:	2020-21
Para No.	:	2.11.8.3.1(a)
Sr. No. as per CAG Report	:	378
Name of Firm	:	M/s RAMAN CORP. (AMBALA)
GSTIN	:	06CHWPK2043J1Z1
A.Y.	:	2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
3,81,735/-	0/-	3,81,735/-	July-2017	March-2018	1281	3,15,914/-	6,97,949/-

**Reply**

The taxpayer M/s RAMAN CORPORATIONS, Ambala, GSTIN 06CHWPK2043J1Z1, is engaged in trading of Scientific, medical, Barbar Goods etc. The firm was Cancelled on application of Taxpayer, w.e.f. 15.09.2018. The Audit objection raised by the Audit Party is admitted.

Please in reference to the earlier reply in respect to the present para, in continuation of the same, it is submitted that the demand order in Form GST DRC-07, vide Reference No.: ZD060322008175W, dated: 28.03.2022 issued to the taxpayer. The taxpayer has failed to deposit the tax in normal course so the recovery proceedings under section 79 of the HGST/CGST Act, 2017, has been initiated by issuing notice to the Bank in Form GST DRC-13, vide Memo No. 776, Dated: 27.10.2023 for Bank Account attachment. Efforts are being made to trace out the taxpayer and to recover the arrear. This is submitted for information please.

**CAG Report 2020-21**

Para no.	2.11.8.3.1(a)
Sr. No. as per CAG Report	458
Name of the Firm:-	M/s Ojus Power Ind, Hisar
GSTIN-	06AIVPD2637D1ZD
A.Y.	2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the

notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
660898	511377	149521	26-10-17	31-03-21	1252	123091	272612

#### Reply of Para

In reply to the audit objection it is submitted that the assessment of M/s Ojus Power Pvt. Ltd, Hisar TIN- 06411547494 for the financial year 2017-18 has been finalized vide order dated 08.06.2020. The dealer has excess carry forward amounting to Rs. 660898/- in TRAN-01. As per objection raised by audit the dealer was eligible to take the excess of ITC of Rs. 511377/- however the dealer has excess carry forward in TRAN-01 amounting to Rs. 660898-511377= 149521/- and interUDest amount Rs. 123091/- total comes to Rs. 272612/-.

In view of the above it is to inform that DRC 01 has been issued vide reference no. ZD060322009705Q dated 31.03.2022. Further DRC-07 has been created vide ref. no. ZD060522014447N dated 26.05.2022. The tax amount of Rs. 149521/- has been recovered from the credit ledger of the taxpayer vide payment reference no. IP0610230000955 Dated 10.10.2023 for the balance interest amount Rs. 123091/- recovery proceedings are under progress. This office written a letter to Estate Officer HSVP, Hisar and Teshildar Hisar to know about the immoveable property of the taxpayer. Furthermore this office has made request to bank Manager to attach the bank account of the taxpayer vide this office letter dated. 14.12.2023.

#### CAG Report 2020-21

Para No.	2.11.8.3.1(a)
Sr. No. as per CAG Report:	460
Name of Firm-	M/s B D Metals, Hisar
GSTIN:-	06AKBPG9678F1ZZ
A.Y.	2017-18

#### Audit Objection

##### Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
1964054	0	1964054	02-09-17	31-03-21	1306	1686611	3650665

**Reply of Para**

It is submitted that the objection raised by Audit in case of M/s B D Metals, Hisar GSTIN 06AKBPG9678F1ZZ has been examined by the Assessing Authority. The dealer is engaged in the business of trading of waste and plastic scrap. Presently, as of now, the dealer is Cancelled on Application of Taxpayer w.e.f 01.07.18. Audit objection raised by the audit is fully admitted.

The dealer has excess carry forward amounting to Rs. 1964054/- in TRAN-01. As per objection raised by audit the dealer was entitled to take the excess of ITC of Rs. 0/- resultantly the dealer has excess carry forward in TRAN-01 Rs. 1964054-0= 1964054/- and interest amount Rs. 1686611/- total comes to Rs. 3650665/- . Further, dealer has preferred appeal against the demand created under VAT & CST regime. Firm is now closed. So DRC01 was issued and as the dealer did not file reply, and DRC-07 was issued on dated 29.03.2022 for an amount of Rs. 3847070/- for inadmissible tax and interest thereupon. A letter has been written vide memo No.4614/w-6/2023 dated 14.12.2023 to the Branch Manager of the Bank for attachment of account of the taxpayer in favour of Dy. Excise & Taxation Commissioner(ST) for recovery of rest of amount of Rs.3650665/-.

**CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. No. as per CAG Report	465
Name of Firm-	M/s Harsh Steel, Hisar
GSTIN:-	06AVCPS4386G2ZA
A.Y.	2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
1670566	1579755	90811	22-12-17	31-03-21	1195	71355	162166

**Reply of Para**

It is submitted that the objection raised by Audit in case of M/s Harsh Steel, Hisar GSTIN 06AVCPS4386G2ZA has been examined by the Assessing Authority. The dealer

is engaged in the business of trading of waste and scrap of iron. Presently, as of now, the dealer is Cancelled on Application of Taxpayer on 28.02.2021. Audit objection raised by the audit is fully admitted.

The dealer has excess carry forward amounting to Rs. 1670566/- in TRAN-01. As per objection raised by audit, the dealer was entitled to take the excess of ITC of Rs. 1579755/- resultantly the dealer has excess carry forward in TRAN-01 Rs. 1670566-1579755= 90811/- and interest amount Rs. 71355/- total comes to Rs. 162166/- . The firm is closed. DRC01 was issued and as the dealer did not file reply. Demand order DRC-07 issued on dated 29.03.2022 for an amount of Rs. 179800/- for inadmissible tax and interest thereupon. Letter was written to Tehsildar, Estate Officer HSVP and Commissioner of Municipal Corporation for information of property of proprietor vide letter no. 4112, 4113 and 4114 on dated 11.10.2023. A letter has been written vide memo No.4613/w-6/2023 dated 14.12.2023 to the Branch Manager of the Bank for attachment of account of the taxpayer in favour of Dy. Excise & Taxation Commissioner(ST) for recovery of rest of amount of Rs.162166/-.

#### **CAG Report 2020-21**

Para No.	2.11.8.3.1(a)
Sr. No. as per CAG Report	466
Name of Firm-	M/s Vasu Trading Co.Hisar
GSTIN:-	06AAJFV6521A2ZF
A.Y.	2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
4803656	0	4803656	21-09-17	31-03-21	1287	4065077	8868733

#### **Reply of Para**

It is submitted that the objection raised by Audit in case of M/s Vasu Trading Co. Hisar GSTIN 06AAJFV6521A2ZF has been examined by the Assessing Authority. The dealer is engaged in the business of trading of iron and cement etc. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is fully admitted.



The dealer has excess carry forward amounting to Rs. 4803656/- in TRAN-01. As per objection raised by audit the dealer was entitled to take the excess of ITC of Rs. 0/- resultantly the dealer has excess carry forward in TRAN-01 Rs. 4803656-0= 4803656/- and interest amount Rs. 4065077/- total comes to Rs. 8868733/- . Dealer has preferred appeal against the demand created under VAT & CST regime. However dealer has voluntarily paid inadmissible amount of Rs.3500000/- and uploaded DRC-03 on dated 25.03.2022. The DRC01 was issued for the rest of amount and as the dealer did not file reply, DRC-07 was issued on dated 22.12.2022 for an amount of Rs. 2231794/- (Tax-1303656, Interest-928138/-). Amount 403277/- was recovered from Electronic Credit Ledger on 26.07.2023 and 62378/- on 13.12.2023. A letter has been written vide memo No.4612/w-6/2023 dated 14.12.2023 to the Branch Manager of the Bank for attachment of account of the taxpayer in favour of Dy. Excise & Taxation Commissioner(ST) for recovery of rest of amount of Rs.1766139/-.

#### **CAG Report 2020-21**

Para No.	2.11.8.3.1 (a)
Sr. No.	476
Name of Firm	M/s A G Agro Overseas, Hisar.
GSTIN	06ASBPG6748E1ZW
A.Y.	2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
1384248	0	1384248	27-12-2017	31-03-2021	1190	1083126	2467374

#### **Reply of Para**

It is submitted that the objection raised by Audit in case of M/s A G Agro Overseas, Hisar GSTIN 06ASBPG6748E1ZW has been examined by the Assessing Authority. The dealer is engaged in the business of trading of food grains etc. Presently, as of now, the dealer is Cancelled on Application of Taxpayer on 31.03.2022. Audit objection raised by the audit is fully admitted.

ITC amounting to Rs. 1384248/- has been claimed on account of transfer of ITC on exempted goods and DRC-07 has been issued on dated 15.09.2022. and recovered Rs. 56039/- on dated 31.01.2023 by Proper Officer from Credit Ledger. However, letters to the tehsildar, Hisar vide memo No. 3371 dated 27.07.2023. The Administrator (HSVP) Hisar vide memo No. 3372 dated 27.07.2023, The Commissioner of Municipal Corporation, Hisar vide memo No 3373 dated 27.07.2023 have been sent for property details. Further a reminders to the tehsildar, Hisar vide memo No. 4088 dated 10.10.2023. The administrator (HSVP) Hisar vide memo No. 4087 dated 10.10.2023. The Commissioner of Municipal Corporation, Hisar vide memo No. 4086 dated 10.10.2023 have been sent for property details. A letter vide No. 4115 dated 11.10.2023 has been sent to the Income Tax Commissioner for Bank Details of the Proprieter.

#### **CAG Report 2020-21**

Para No.-	2.11.8.3.1(a)
Sr. No. as per CAG Report	479
Name of Firm-	M/s. VEL ROSE PHARMACEUTICAL, Hisar.
GSTIN-	06ALYPG7502N1ZI
A.Y.-	2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
672275	0	672275	28-10-17	31-03-21	1250	552555	1224830

#### **Reply of Para**

It is submitted that the objection raised by Audit in case of M/s VEL ROSE PHARMACEUTICAL, Hisar. GSTIN 06ALYPG7502N1ZI has been examined by the Assessing Authority. The dealer is engaged in the business of trading of drugs and medicines etc. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. Audit objection raised by the audit is fully admitted.

Dealer has made the claim of transitional credit of Rs. 672275/- The assessment of M/s. VEL ROSE PHARMACEUTICAL TIN – 06571536558 for the financial year 2017-18 was finalized vide order dated 16.03.2020. Wherein no excess carry forward was

given in the order making the Tran-1 amount inadmissible of an amount Rs. 672275/-. Further, DRC-07 was issued for the amount of Rs. 1292057/- vide Ref No. ZD060722013802Q Dated 13.07.2022. Recovery of Rs. 94791/- vide payment reference number IP0612220012961 dated 30.12.2022 and Rs. 1742/- vide payment reference number IP0605230002700 dated 20.05.2023 and Rs. 34123/- vide payment ref. No. IP0610230001032 dated 10.10.2023 has been made till date, further recovery proceeding are under process. Copy of DRC-07 and recovery proof is attached herewith for your ready reference. A letter has been written to the bank for attachment of bank account of the taxpayer in favour of DETC, (ST) Hisar vide this office memo no. 4615/W-2/2023 dated 14.12.2023.

#### **CAG Report 2020-21**

Para No. -	2.11.8.3.1(a)
Sr. No. As per CAG Report-	540
Name of the Firm-	M/s Aish Adventure Pvt. Ltd.
GSTIN -	06AAGCA0679L1ZG
TIN -	06562244094
A.Y-	2017-18

#### **Audit Objection**

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under Section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section 10 of Section 42 or undue or excess reduction in output tax liability under sub-section 10 of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case pertaining to year 2017-18 no excess has accrued as your case has been decided ex-parte due to non-appearance and non-submission of documents. The actual credit balance as per 2017-18 is given as below:-

Name of Firm	Tran 1 Claim	Eligible Claim	Excess Claim	Interest	Total
Aish Adventure Pvt. Ltd. 06AAGCA0679L1ZG	1084186	0	1084186	857606	1941792

#### **Reply of Para**

In reply to audit objection, it is submitted that above mentioned firm is not active and doing the business of alcoholic mixture and migrated from VAT regime. The para raised in the audit objection is admitted. The dealer has claimed TRAN-1 amounting to Rs.1084186/- in the A.Y. 2017-18. An amount of Rs.1074351/- under SGST Act stands

blocked, the firm stands cancel with effect from 01.11.2019. Notice has been issued in the form of GST DRC-01 [See rule 100(2) & 142(1) (a) for dated 06.04.2022 {SCN Reference No-ZD060322006345X}.

Further Notice has been issued in the form of GST DRC-07 [See rule 142(5)] for dated 28.09.2022 {SCN Reference No-ZD060922013646E} for amount Rs. 1105408/- [Rs. 1084190(TranCredit)+Rs. 11218/- (Interest@2% on Rs. 9839/- on credit wrongly utilised from 20.12.2017 till 20.09.2022) +10000(Penalty). Now amount of Rs.1074351/- is unblocked and recovered from the dealer on dated 28.11.2022 {Reference No. DI0611220176836}. The taxpayer doesnot exist in karnal. Now the bank account of the firm has been traced out and letter to the bank is being issued. Efforts are being made to recover the remaining amount of Rs. 31057/-. The final result will be intimated accordingly.

Hence, the para may be settled.

#### **CAG Report 2020-21**

Para No. : 2.3.11.8.3.1(a)  
 Sr. No. as per CAG Report: 570  
 Name of Firm: M/s. M3 Munjal Mobile Mart, Kurukshetra  
 GSTIN : 06AQEPM8585A1ZS  
 A.Y.: 2017-18

#### **Audit Objection**

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENTVAT/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under 50 (3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the following dealer it was noticed that following dealer carried forward excess amount of VAT in their TRAN-1:-

Actual credit balance as per order	Amount carried forward in TRAN-1	Difference of ITC amount	Month of carried forward	Interest calculated @ 2% per month	Total
0	715598	715598	12/2017	39 months 558166/-	1273764/-

#### **Reply**

In response to the audit para, it is submitted that the taxpayer deals in outward supplies of mobiles and accessories. The firm was registered under HVAT Act and migrated to GST on implementation of GST Act. The taxpayer stands cancelled on dated 30.09.2018.

Further, the assessment of the said case for the year 2017-18 (1<sup>st</sup> Qtr.) was framed with NIL turnover (Ex-parte) but the taxpayer had wrongly claimed TRAN-1 of Rs. 715598. Accordingly, DRC-07 raised for Rs.14,16,884/- on dated 08.05.2023 and recovery of Rs.719254/- has been made through ITC by utilizing the Electronic Credit Ledger. Further, letter memo No.1907/W-3 (P.O) dated 03.11.2023 has been written to bank authorities regarding freezing the debit transaction and seeking information regarding credit balance. In this regard, bank authorities has informed that the said account has merged with bank of Baroda with new account No. 29700500000140 and this account is already under debit as NPA defaulter as on dated 07.11.2023.

In light of above observations the audit para needs to be dropped.

#### **CAG Report 2020-21**

Para No.: 2.11.8.3.1(a)  
 Sr. No. as Per CAG Report- 571  
 Name of Firm: M/s Sunrise Milk Foods LLP  
 GSTIN: 06ACXFS1669Q1ZX  
 A.Y. : 2017-18

#### **Audit Objection**

**Carry forward of excess transitional credit of non-eligible amount (Where Tran-1 amount was considered in assessment orders).**

The dealer has claimed excess ITC of Rs. 1227593/- carry forward in TRAN-1. Committee would like to know the latest position in this case.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC Claimed	From	To	Days	Interest	Total
1227593	0	1227593	27-12-2017	31-03-2021	1190	960507	2188046

#### **Reply of Para**

In reply to the audit para, it is submitted that the firm M/s Sunrise Milk Foods LLP, address of principle place of business is Village-Bhirawati, Teh-Nuh-122107 stands migrated into GST under GSTIN 06ACXFS1669Q1ZX. The constitution of the firm is Limited Liability Partnership. The dealer is engaged in sale/purchase of Milk and Cream. The status of the dealer is cancelled as on today. The audit objection raised by the audit party has been examined and audit para is accepted. An amount of Rs. 10,25,393 out of the total amount of Rs. 12,27,593 was blocked online by the then Assessing Authority and was recovered through online portal from Electronic Credit Ledger vide payment ref No. IP0608220002458 on dated 13.03.2023 (Copy Enclosed). For the applicability of interest on amount Rs. 1025393/- section 50(3) reads as under-

“Where the input tax credit has been wrongly availed and utilised, the registered person shall pay interest on such rate not exceeding twenty-four per cent. As may be notified by the government, on the recommendations of council, and the interest shall be calculated, in such manner as may be prescribed”

In the present case amount of Rs. 1025393/- was wrongly availed in electronic credit ledger but not utilized so the applicability of interest U/s 50 of CGST/HGST on 1025393 does not arise. Further, as per **circular no. 192/04/2023-GST issued on 17.07.2023**, "No interest on wrong availment & utilization if total ITC Balance in Electronic Credit Ledger under all heads remains more than wrongly availed ITC at all times". The amount available under the head of SGST remains more than such wrongly availed SGST amount. For the remaining amount Rs. 2,01,000/- which was utilised by the taxpayer, the case had been taken up in VAT Assessment. The assessment of the dealer was framed vide D. No. 2120/17-18 dated 20.03.2020 (copy enclosed). An interest of Rs. 1,32,660/- is levied on wrong utilization of TRAN-1 of Rs. 2,01,000/-

As per Assessment order, a demand of Rs. 3,43,660/- was created. Further the bank account has been attached vide letter no 629 dated 20.11.2023. A notice vide no. 545 dated: 13.10.2023 issued to the taxpayer for amount of Rs. 3,43,660/-.

In light of the above, audit para may be settled.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(a)  
 Sr. No. as per CAG Report: 630  
 Name of Firm: M/s United India, Rewari  
 GSTIN : 06AAEFU8060C1ZC  
 A.Y.: 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
4715457/-	0	4715457/-	27/12/2017	31/03/2021	1190	3692031/-	8410488/-

#### **Reply**

It is submitted that the objection raised by Audit in case of M/s United India, Rewari, Rewari holding GSTIN- 06AAEFU8060C1ZC has been examined by the Assessing Authority. The dealer was engaged in business of dry fruit, tobacco, pan masala etc. Presently, the firm has been cancelled from 10/12/2020 as mentioned on the GST Portal.

##### **Audit objection raised by the audit is not admitted.**

In response to audit reply it is submitted that the original assessment for the year 2017-18 of the dealer was framed vide order no. 144 dated- 31.03.2021 by creating an additional demand of Rs. 10,000/- under HVAT Act 2003, & Rs. 14,99,86,094/- under

Central Sales Tax Act, 1956, which includes interest of Rs. 1,34,62,279/- The dealer claimed Rs. 47,15,457/- in TRAN-01 which was rejected by the then Assessing Authority in assessment order for the year 2017-18(copy enclosed).

Recovery proceedings under HVAT Act have been initiated against the dealer. Issue a recovery notice on 10.03.2022 and again a notice sent on dated-11.04.2022.. A recovery letter has already been sent to District Magistrate,(Central), Dariyaganj, New Delhi-110002 vide office memo no.3295/T.I./W-1 Dated- 20.09.2022 and District Magistrate,(West) Revenue Dept., Gov. Of NCVT of Delhi, Raja Garden New Delhi, vide memo no. 3296/T.I. W-01 Dated- 20.09.2022. It is also pertinent to mention here that to freeze the bank account of the taxpayer, letter has been sent to the Manager of Union Bank of India, Khari Baoli, New Delhi vide letter No. 2314 dated 14.11.2023. It is also pertinent to mention here that the arrear has declared under the Punjab Land Revenue Act, 1987 on 13.01.2021. As all the efforts to protect government revenue had been taken by the department. Hence, para may please be settled.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1 (a)  
 Sr. No. as per CAG Report : 636  
 Name of Firm : M/s R.K Impex, Rewari  
 GSTIN : 06BBXPR8221F1Z7  
 A.Y. : 2017-18

#### **Audit Objection**

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
10377294	0	10377294	09/07/2017	03/31/2021	1301	8877277	19254571

#### **Reply**

It is submitted that the objection raised by Audit in case of M/s R.K Impex, Rewari. GSTIN 06BBXPR8221F1Z7 has been examined by the Assessing Authority. The dealer was engaged in the business of Dry Fruits and Pan Masala.. Presently, as of now, the dealer is not existing, not functional and not doing business at the address premises as mentioned on the GST Portal. The dealer GSTN has already been cancelled with effect from 31.10.2018.

**Audit objection raised by the audit is not admitted.**

In response to the audit reply it is intimated that the original assessment for the year 2017-18 of the dealer was framed vide order no. 10 dated- 15.07.2020 by creating an additional demand of Rs. 2,26,76,786/- under HVAT Act 2003. The assessment was framed ex-parte on the basis of information and data available on the file and due was on account of non- submission of tax invoices/VAT C-4. However, TRAN-1 claim for Rs. 1,03,77,294/- is as per quarterly return filed by the dealer despite the claim was not allowed in above assessment order. The firm stands closed and cancelled with effect from 31/10/2018. It is also pertinent to mention here that recovery proceedings to recover the due amount are under progress. The arrear is declared under the Land Revenue Act, 1887 on 11.02.2021. The Recovery Certificate has already been sent to the Collector, Dwarka, Delhi vide letter No. 1238 dated 23.08.2021, 28.07.2022 & latest reminder sent on 12.10.2023. It is also pertinent to mention here that to freeze the bank account of the dealer, a letter has been sent to the Manager, Axis Bank, Chandani Chowk, New Delhi vide memo No. 2313 dated 14.11.2023. All the efforts to protect Government Revenue had been taken by the Department. Hence, para may please be settled.

#### **CAG Report 2020-21**

Para No	:	2.11.8.3.1(c)
Sr. no. as per CAG Report	:	3
Name of Firm	:	M/s Grid industry Pvt Ltd
GSTIN	:	06AAFCG1005K1ZZ
A.Y	:	2017-18

#### **Audit Objection :-**

Excess transitional credits through different tables of Form Tran-I

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
19794326	0	19794326	25-08-2017	31-03-2021	1314	17102298	36896624

#### **Reply of Para:-**

The dealer had claimed TRAN-1 twice, once in SGST and also wrongly in CGST. The dealer later did not duly reverse it under CGST but reversed it under IGST. Therefore, demand has been created under CGST only, vide the central GST department order. The dealer has filed appeal against the above said CGST department order no 40 in office of Assistant Commissioner and R-50: Division west: Gurugram vide appeal ARN AD060623000217L. Regarding SGST claim of TRAN-1, the dealer claimed Tran-1 under SGST as per its annual return VAT-R-2 but the demand for SGST component was created vide order no 206 dated 31.03.2021. Copy attached. The dealer has filed an appeal against this order.



**CAG Report 2020-21**

Para No : 2.11.8.3.1(c) Faridabad (West)  
 Sr. No. :  
 Name of Firm : M/s Mikcarb India Pvt.Ltd,  
 GSTN : 06AALCM0441M1ZD

**Audit Objection**

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case file of the under mentioned dealers it was noticed that dealer carried forward excess amount of VAT in his Tran-1: -

Name of dealer	Amount Carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total balance
Mikcarb India Pvt.Ltd., GSTIN-06AALCM0441M1ZD	2256101	1128051	1128050	26-08-2017	31-03-2021	1313	973893	2101943

Allowing excess carried forward of ITC in Tran-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which was partially used by the dealers.

**Reply of Para**

In reply to audit Para, it is submitted that the assessment case of the dealer was framed by the then Assessing Authority vide order No.191 dated 05.05.2019 and allowed excess carry forward of Rs.1126681/-. The dealer is engaged in the business of trading of lubricant fluid used for pumps. The dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal. The taxpayer is migrated under GST Act, 2017. The audit para is admitted.

In reply to the audit objection the taxpayer has availed excess ITC of Rs.1128050/-. A notice in form DRC-01 has been issued to the dealer on dated 12.10.2023 vide reference No. ZD061023008307Y for Rs.3070057/- including (SGST Tax=1128050 + Interest= 1659995/-+ Penalty=282012/-).Reply received from taxpayer on 29.11.2023 in form GST DRC-06, whereby he claims that ITC of Rs. 1127010/- has already been reversed by taxpayer in GSTR-9 under (Col. 7(f). Personal hearing in the

matter is fixed for 05.01.2024 for final decisions in the matter. Since all the sincere efforts has been made to protect the government revenue as per GST Law has been made. Hence it is requested that para may be settled.

Para No. : 2.11.8.3.1(c)  
 Sr. No. as per CAG Report : 2  
 Name of Firm: : M/s Sanudrishti Exports Pvt. Ltd.  
 GSTIN : 06AAGCS7967P1ZD  
 A.Y. : 2017-18

#### **Audit Objection :-**

A registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, credit of the amount of Value Added Tax, if any, carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner, as may be prescribed. For receiving this ITC, as transitional credit in GST regime, firms/traders were required to apply through various tables of TRAN-01 according to Section 140 of HGST Act, 2017.

During Scrutiny of record it was observed that a firm namely M/s Sanudrishti Exports Pvt. Ltd. Applied for transitional credit of Rs. 23,75,729/- as State Tax (SGST) & Rs. 14,32,046/- as Central Tax (CGST). The said amount has credited in Electronic Credit Ledger of firm on 07 December, 2017. A brief details of form TRAN-01 & irregularities noticed are as shown below:-

Table Details	Amount of ITC applied in TRAN-01 (Rs.)	Total Amount Received in ECL as SGST (Rs.)	Eligibility of Claim
5C	42501	Rs. 23,75,729/-	Claim not eligible as excess carried forward in last return i.e. R2 is shown as zero.
7A	1166614		Item were taken in books of account on 1 <sup>st</sup> July, 2017 as per table 7B. Hence, ITC for this amount is not eligible under Table 7A
7B	1166614		Documents related to invoice & entry in recipient books of account not found available as per section 140 (5).
7C	1166614		Same stock repeated in Table 7A & 7B. Hence, not eligible.
7D	1166614		This Table belongs to goods not supported by invoices/documents. Firm has already declared details of invoices & tax paid thereof in Table No. 7B. Hence, the firm is giving contradict statement. ITC not eligible under this table.

From the details shown above & available documents it may be concluded that firm was not eligible for any transitional credit as on 1<sup>st</sup> July, 2017. Hence, allowing irregular carried forward of ITC in TRAN-1 & non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of assessing authority for taking action as per the provision of Act, for recovery of ITC amount along with interest. i.e., Rs. 42,65,898/- (ITC Amount = 23,75,729/- + Interest = 18,90,169/-).

### Reply

In response to the audit objection, it is submitted that the taxpayer claimed excess of TRAN-1 of Rs. 2325729/-. Thereafter DRC-07 was issued for total demand of Rs. 4894002/- vide Order No. ZD060423016125X dated 11.05.2023 and Rs. 13, 74,175/- recovered from Cash/Credit Ledger. Efforts are being made to recover the balance demand.

### CAG Report 2020-21

Para No.	:	2.11.8.3.1 (e)
Sr. No. as per CAG Report	:	55
Name of Firm	:	M/s Sukhi Ram Telu Ram, Hisar
GSTIN	:	06ALDPG0282G1ZJ
A.Y.	:	2017-18

### Audit Objection

As per provision of Section 140 of CGST Act 2017 a registered person opting to pay tax under section 10, shall other than person opting to pay tax under section 10, shall be initiated to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input Tax Credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

M/s Sukhi Ram Telu Ram TIN No. 06921536608 & GSTIN No. 06ALDPG0282G1ZJ had filed TRAN-1 and claimed carried forward excess amount of VAT in his TRAN-1. During scrutiny of file it was noticed that the dealer was engaged in trading/manufacturing of food Grains such as Rice and its bye product etc. which falls under notification No. 28/2017-Central Tax (Rate), dated 22 September, 2017. Accordingly, as per the provisions of Sec 140(1), the taxpayers are not eligible to avail the credit of input tax paid on Rice and Paddy (Food Grains) being exempted goods under the GST regime. Further, bifurcated details of stock was not placed on files. While finalizing assessment AA disallowed the entire claim made in TRAN-1 against Paddy, hence the dealer was not eligible to avail the ITC against food grain which has resulted in excess carry forward Transitional Credit. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e. Rs. 11.68 lakh.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
654370	0	654370	21-12-2017	31-03-2021	1196	514604	1168974

### Reply

It is submitted that the objection raised by Audit in case of M/s Sukhi Ram Telu Ram, Hisar GSTIN 06ALDPG0282G1ZJ has been examined by the Assessing Authority. The dealer was engaged in the business of trading of plywood, laminated wood etc. Presently, as of now, the dealer is cancelled on the application of taxpayer on 10.08.2021 as mentioned on the GST Portal. Audit objection raised by the audit is fully admitted.

ITC amounting to Rs. 654370/- has been claimed on account of transfer of ITC on exempted goods. DRC-07 for Rs.1360695/- issued vide reference no. ZD0605230024205 dated 04/05/2023 (copy of DRC-07 enclosed herewith). The dealer has preferred an appeal before the Ld. Joint Excise & Taxation Commissioner (Appeal) (Appeal No. AD0609230004296) against the said order.

### CAG Report 2020-21

**Para No. 2.118.3.1 (e) (Allowance of ITC as transitional credit where said amount of ITC is not admissible as ITC under this act (for Exempted Goods)**

Sr. No. as per CAG Report	:	43
Name of the Firm –	:	M/s KTC Foods
TIN -	:	06762236842
A.Y –	:	2017-18

**Audit Objection** As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50 (3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

Sr. No.	Name of the dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Interest	Total
1.	KTC Foods Pvt. Ltd.	06AAECK6219J1ZG	13706082	0	13706082	27-12-17	31-03-21	11103053	24809135

**Reply of Para**

In reply to the audit objection, it is submitted that the firm has claimed excess carry forward of Rs. 13706082/- from HVAT Act, 2003 to GST regime by filing Tran-1 under SGST Act on the basis of excess carried forward in returns VAT R-1 (quarterly return 30-06-2017) under HVAT Act, 2003. The assessment for the year 2017-18 (1<sup>st</sup> quarter) has been finalized vide order No. 302/dated 31-03-2021 (copy enclosed) and an excess carried forward allowed of Rs. 0/- instead of excess claimed in Tran-1 Rs. 13706082/-. Thus there is excess ITC claimed of Rs. 13706082/- in TRAN-1 on utilized amount an interest of Rs. 878722/- is leviable because the tax payer has not utilised Excess Claimed TRAN-1. Thus total additional demand was to be Rs. 14584804/-. Recovery proceeding through DRC-01 dated 26/08/22 was issued to the taxpayer for 26.09.2022. The Taxpayer submitted reply in response to the notice dated 26.08.2022 stating therein "that the proceedings under the Insolvency and Bankruptcy Code 2016 were initiated under section 9 of the IBC on 29.08.2018 by the NCLT, Chandigarh. However, after consideration of the reply submitted by the taxpayer, a Reminder dt.4.10.2018 was issued for 10.10.2023. Case is under process. Final result will be communicated later on after taking final decision in the case.

**CAG Report 2020-21**

Para No.	:	2.11.8.3.1(e)
Sr. No.	:	1
Name of Firm	:	HAFED
GSTIN	:	06AAAJH0022ROZO
A.Y.	:	2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
9437120	0	9437120	26.12.2017	31.03.2021	1191	8135052	17572172

**Reply of Para**

The taxpayer is a Govt. agency and deals in Grain sale/ purchase and currently active. The Tax is a migrated dealer under GST holding GSTIN- 06AAAJH0022ROZO. The audit para is accepted. In response to the audit para it is stated that the dealer has carried forwarded VAT Credit worth Rs. 9437115/- in his electronic credit ledger as per

provision of section 140 (1) of HGST Act., 2017. A notice was issued to the dealer for recovery of the excess amount taken in TRAN-01. In response to the notice written reply submitted by the dealer which revealed that the original assessment for the period 2017-18 was framed by the then Assessing Authority vide its order dated 15.11.2019 and found that an excess amount of Rs. 9437120/- was taken in TRAN 1, Copy of order his enclosed. The audit party has pointed principle amount as Rs.9437120/- & interest Rs.8135052/-(from 28.07.2017 to 31.03.2021 i.e. 1311 days).

However, the excess claim amount of Rs. 9437115/- taken in TRAN-1 stands reversed by the dealer in month of September 2019-20. Copy of the GSTR-3B enclosed. Now DRC-01 issued bearing Reference No ZD0609230278842 dated 30-09-2023 for recovery of the interest amount of Rs.1,70,0,73,-/-.

**Para no: AMG-II/FC/SSCA-TC/KUK/2021-22/4**

**Objection**

Sr. NO. 51

M/s Kamdhenu Rice Mill, Pehowa

GSTIN-06AARFK7525K1ZS

**Subject:- Carry forward of Excess Transitional Credit of VAT and Interest thereon Rs. 14.31Lakh**

As per provision of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Cenvat/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed:

A taxable persons who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 43, shall pay interest on such undue ore excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the government on the recommendations of the Council.

Scrutiny of case files of the dealer on the basis of statement of credit taken in TRAN-1, it was noticed that the following dealers carried forward excess amount of VAT credit in TRAN-I for his actual credit balance as per assessment order if 2017-18 as detailed below:

Sr.No.	Name of dealer	Ward No.	GSTIN	Actual credit balance as per order	Amount carried forward in TRAN-1	Difference of ITC amount	Month of carried forward	Interest calculated @2% per/Months	Total
1	Kamdhenu Rice mill	4	06AARFK7525K1ZS	0	446848	446848	08/2017	43 Month 384289/-	831137/-
2	Guru Kirpa Rice Mill	4	06AAQFG7269R1ZA	0	326226	326226	09/2017	42 Month 274030/-	600256/-
					Total				1431393/-

Thus, allowing excess carried forward vat credit amount in TRAN-1 and not verifying the actual entitlement resulted in excess carry forward of transitional credits of Rs. 1431393/- which has been utilized by the dealers.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount alongwith interest amounting to 1431393/-

#### REPLY

In response to audit para, it is submitted that the Assessment for the period 01.04.2017 to 30.06.2017 was framed vide assessing authority order No. 334 dated 28.06.2019 with nil turnover by disallowing the ITC claim of Rs. 446848/- as claimed by the taxpayer in VAT R-2. Further, proceeding under section 74 has been initiated against the taxpayer by issuance of intimation in Form GST DRC-01A dated 02.11.2023.

**AMG-II/FC/SSCA-TC/KUK/2021-22/4**

#### Objection

Sr. NO. 52

M/s Guru Kirpa Rice Mill, Pehowa

GSTIN-06AAQFG7269R1ZA

**Subject:- Carry forward of Excess Transitional Credit of VAT and Interest thereon Rs. 14.31Lakh**

As per provision of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Cenvat/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed:

A taxable persons who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 43, shall pay interest on such undue ore excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the government on the recommendations of the Council.

Scrutiny of case files of the dealer on the basis of statement of credit taken in TRAN-1, it was noticed that the following dealers carried forward excess amount of VAT credit in TRAN-I for his actual credit balance as per assessment order if 2017-18 as detailed below:

Sr.No.	Name of dealer	Ward No.	GSTIN	Actual credit balance as per order	Amount carried forward in TRAN-1	Difference of ITC amount	Month of carried forward	Interest calculated @2% per/Months	Total
1	Kamdhenu Rice mill	4	06AARFK7525K1ZS	0	446848	446848	08/2017	43 Month 384289/-	831137/-

2	Guru Kirpa Rice Mill	4	06AAQFG7269R1ZA	0	326226	326226	09/2017	42 Month 274030/-	600256/-
					Total				1431393/-

Thus, allowing excess carried forward vat credit amount in TRAN-1 and not verifying the actual entitlement resulted in excess carry forward of transitional credits of Rs. 1431393/- which has been utilized by the dealers.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount alongwith interest amounting to 1431393/-

#### REPLY

In response to audit para, It is submitted that the amount of TRAN-1 claimed by the dealer is Rs. 163113/- and not Rs. 326226/- as observed by Audit Party (copy of Tran-1 and GSTR-9 attached). The Assessment for the period 01.04.2017 to 30.06.2017 was framed vide assessing authority order No. 338 dated 28.06.2019 on nil turnover by disallowing the ITC claim of Rs.163112/- as claimed by the taxpayer in VAT R-2. Further, the case was taken up for scrutiny for financial year 2017-18. The issue of TRAN-1 was also taken up alongwith other aspect. DRC-01 under Section 74 of HGST/CGST Act, 2017 stands issued to the taxpayer on dated 14.11.2023.

#### CAG Report 2020-21

Para No. : 2.11.8.3.1 (e)  
 Sr. No. as per CAG Report : 58  
 Name of Firm : M/s BHARAT RICE MILLS  
 GSTIN : 06AABFB0848G1ZU  
 A.Y. : 2017-18

#### Audit Objection

#### **Allowance of ITC as transitional credit where said amount of ITC is not admissible as ITC under this act (for Exempted goods)**

During scrutiny of records of DETC Sirsa it was observed that a few firms claimed transitional credit in respect of goods having tax exemption in GST regime. These firms has been dealing in the business of food grains i.e. wheat, rice etc. and these food grains are not taxable in GST regime. As per provisions of the Act, registered person shall not be allowed to take credit **where the said amount of credit is not admissible as input tax credit under this Act (GST Act). Here in case of these firm, which are holding ITC of food grain in the VAT regime, may not be allowed to carry forward ITC of food grains in GST regime as the food grains are not taxable in GST regime.**

Hence, transitional credit availed by these firms is not eligible to be taken as ITC in GST regime.



Allowing excess carried forward of refundable amount of ITC in Tran-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
5314729	0	5314729	27-12-2017	31-03-2021	1190	4158593	9473322

### Reply

In response to the para raised by the Audit Party it is submitted that the dealer claim ITC worth Rs.5314729/- through TRAN -1 on account of taxable goods like paddy & Rice. The then Assessing Authority while verified the Tran-1 and passed an order u/s 73 of HGST Act, allowing an admissible ITC worth Rs. 2060/- and rest of the amount Rs. 5246273/- reversed by the taxpayer through GSTR-3B for the month of February 2018-19 (Copy enclosed). The taxpayer has not utilized the inadmissible ITC worth RS. 5246273/- hence, no interest is payable thereon (Copy of Credit Ledger enclosed) , but used ITC Rs. 66396/- and it has to be recovered with interest and for recovery of this disputed amount alongwith interest and penalty, DRC-01 vide Ref. No. ZD061023015817O dated 25.10.2023 was issued, now second reminder vide Ref. No. ZD061223012387Q dated 13.12.2023 has been issued for personal hearing on 20.12.2023.

In view of the submissions made above para may kindly be dropped

PARA NO. – : Para 2.11.8.3.1(e)  
 S. No – : 03  
 Name of the Dealer – : Padam Shri India (Jind)  
 GSTIN – : 06AGLPJ9498A1Z3  
 A.Y. – : 2017-18

### Audit Objection

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10 shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished y him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output

Tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate no exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

The under mentioned dealer has filled TRAN-1 and claimed carried forward excess amount of VAT in his TRAN-I and the same was allowed by the Assessing Authority. During scrutiny of the file it was noticed that the dealers were engaged in trading/manufacturing of food grains such as rice and its bye products etc. which falls under notification no. 28/2017 Central tax (Rate), dated 22.09.2017. Accordingly, as per provision of section 140(1), the taxpayers are not eligible to avail the credit of input tax paid on Rice and Paddy being exempted goods under the GST regime. Further, bifurcated details of stock was not placed on the file. Thus the entire claim of the dealer was suspected and all were not eligible to avail the credit of ITC in TRAN-I on Rice and Paddy.

ame	GSTIN	TRAN-I Claim	Eligible Claim	Excess Claim	From	To	Days	Interest	Total
Padam Shri India	06AGLPJ9498A1Z3	9626470	0	9626470	25.09.2017	31.03.2021	1283	8121048	17747518

#### Reply of Para

M/s Padam Shri India, Tin-06702010574 (GSTN: (06AGLPJ9498A1Z3) claimed Tran-1 of Rs-9626470/-.The firm is alive. This office issued DRC-07 under GST ACT 2017, for Tax Rs-9626470/- and interest of Rs-8121048 vide Reference No. : ZD060723014632O dated 28.07.2023. The Taxable Person is in Central jurisdiction. Therefore, Letter has been written to Central Authorities for recovery of the same on 28.07.2023 & reminder on 21.11.2023.

As all the action under GST Act taken therefore, in view of the above audit para deserve to be dropped.

PARA NO. – : 2.11.8.3.1(e)  
 S. No – : 04  
 Name of the Dealer – : Vardhaman Rice & Gen. Mill (Jind)  
 GSTIN - : 06AALFV5033H1Z3  
 A.Y. – : 2017-18

#### Audit Objection

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10 shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished y him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output

Tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate no exceeding twenty four per cent,as may be notified by the Government on the recommendations of the Council.

The under mentioned dealer has filled TRAN-1 and claimed carried forward excess amount of VAT in his TRAN-I and the same was allowed by the Assessing Authority. During scrutiny of the file it was noticed that the dealers were engaged in trading/manufacturing of food grains such as rice and its bye products etc. which falls under notification no. 28/2017 Central tax (Rate), dated 22.09.2017. accordingly, as per provision of section 140(1), the taxpayers are not eligible to avail the credit of input tax paid on Rice and Paddy being exempted goods under the GST regime. Further, bifurcated details of stock was not placed on the file. Thus the entire claim of the dealer was suspected and all were not eligible to avail the credit of ITC in TRAN-I on Rice and Paddy.

Name	GSTIN	TRAN-I Claim	Eligible Claim	Excess Claim	From	To	Days	Interest	Total
Vardhman Rice & Gen. Mill	06AALFV5033H1Z3	5394198	0	5394198	25.09.2017	31.03.2021	1283	4550634	9944832

#### Reply of Para

M/s- Vardhaman Rice & Gen. Jind Tin- 06962004126 (GSTN- 06AALFV5033H1Z3) claimed TRAN-1 of Rs-5394198/-. The firm is alive. This office issued DRC-07 under GST ACT 2017, for Tax Rs-5394198/- and interest of Rs-4550634 vide Reference No. : ZD060723014636G dated 28.07.2023. The Taxable Person has reversed unutilized ITC of Rs. 4809429/- through DRC-03 vide debit entry no DI0608230012608 dated 11.08.2023. The Taxable Person is in Central jurisdiction. Therefore, Letter has been written to Central Authorities to recover the balance amount on 28.07.2023 & reminder on 21.11.2023.

As all the action under GST Act taken therefore, in view of the above audit para deserve to be dropped.

Jind

PARA NO. – 2.11.8.3.1(e)

S. No – 05

Name of the Dealer – Rishab International. (Jind)

GSTIN - 06AATPJ4990R1ZL

A.Y. – 2017-18

#### Audit Objection

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10 shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output

Tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

The under mentioned dealer has filled TRAN-1 and claimed carried forward excess amount of VAT in his TRAN-I and the same was allowed by the Assessing Authority. During scrutiny of the file it was noticed that the dealers were engaged in trading/manufacturing of food grains such as rice and its bye products etc. which falls under notification no. 28/2017 Central tax (Rate), dated 22.09.2017. accordingly, as per provision of section 140(1), the taxpayers are not eligible to avail the credit of input tax paid on Rice and Paddy being exempted goods under the GST regime. Further, bifurcated details of stock was not placed on the file. Thus the entire claim of the dealer was suspected and all were not eligible to avail the credit of ITC in TRAN-I on Rice and Paddy.

Name	GSTIN	TRAN-I Claim	Eligible Claim	Excess Claim	From	To	Days	Interest	Total
Rishab Int.	06AATPJ4990R1ZL	2844131	0	2844131	25.09.2017	31.03.2021	1283	2399356	5243487

#### Reply of Para

M/s- Rishab International, Tin-06682007772, GSTIN- 06AATPJ4990R1ZL claimed TRAN-1 of Rs-2844131/-. The firm is alive. This office issued DRC-07 under GST ACT 2017, for Tax Rs-2844131/- and interest of Rs-2399356 vide Reference No. : ZD060723014492M dated 28.07.2023. Rs. 290292/- has been recovered on 20.11.2023 vide payment reference no IP0611230002183. Efforts are being made to recover the balance amount.

As all the action under GST Act has been completed by creating the demand, therefore, you are requested to drop the audit objection.

#### No. AMG-II/F. C./L.A.P.-III/2021-22/KTL/AM-08 Dated 23.11.2021

Name of the dealer : SAS Rice Unit  
 GSTIN : 06AADHA7956E1ZE  
 Para no. : 2.11.8.3.1(e)  
 Serial no. : 10  
 A.Y. : 2017-18

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Cenvat/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided

that the registered person shall be allowed to take input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section 10 of section 43; shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may, at such rate not exceeding twenty-four percent., as may be notified by the government on recommendations of the council.

During scrutiny of case files of the under mentioned dealers it was noticed that dealers carried forward excess amount of VAT in his Tran-1:

Sr. No.	Name of the dealer	GSTIN	Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From
1	SAS Rice Unit	06AADHA7956E1ZE	14628039	0	146282039	13.12.2017

Allowing excess carried forward of ITC in Tran-1 and non-verification of actual and entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e. Rs. 2.60 crore.

#### REPLY

In reply to audit, the demand of Rs. 26037909/-(Tax 14628039/- + Interest 11409870/-) has been created vide DRC-07 dated 28.03.2023 (copy attached). The amount of Rs. 14484795/- has been recovered on dated 13.10.2023 vide reference no. IP0610230001530 from the credit ledger of the taxpayer by earnest efforts of the Proper Officer, as the firm is suspended w.e.f. 08.06.2022. The recovery proceedings to recover the balance amount of Rs. 143244/- and Interest of Rs.11409870/- is under process as the bank account is attached vide letter no. 1148 dated 08.12.2023. All the sincere efforts have been made in protection of Government Revenue by considering all aspects of GST Laws. The audit objection noted for future also. Hence, it is requested that para may kindly be settled.

#### No. AMG-II/F. C./L.A.P.-III/2021-22/KTL/AM-08 Dated 23.11.2021

Name of the dealer : Shri Ram Ji Rice land  
 GSTIN : 06ADEFS7778N1Z6  
 Para no. : 2.11.8.3.1(e)  
 Serial no. : 15  
 A.Y. : 2017-18

As per provision of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Cenvat/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section (10) of Section 42 or undue or excess

reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in Tran-1, it was noticed that the following dealers carried forward excess amount of vat credit in Tran-1 for his actual credit balance as per assessment order of 2017-18 as detailed below:

S. N.	Name of Dealer	Ward	GSTIN	Amount carried forward in TRAN - 1	Eligible ITC	Excess ITC Claimed	Period	Interest	Total
1	Shri Ram Ji Rice Land	1	06ADEF7778N1Z6	5484666	0	5484666	12.12.2017 to 31.03.2021	4345659	9830325

Thus, allowing excess carried forward vat credit amount in Tran-1 and not verifying the actual entitlement resulting in excess carry forward of transitional credits of Rs. 9830325/- (Including interest) which has been utilized by the dealers.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount along with interest amounting to Rs. 9830325/-.

Similar nature of cases may also be examined and suitable corrective action may be taken accordingly and intimated to audit.

#### REPLY

In reply to audit, ITC of Rs. 5476825/- has been blocked under SGST Act on dated 28.03.2023 and the demand of Rs. 9830325/- (Tax 5484666/- + Interest 4345659/-) vide DRC-07 dated 19.10.2023(copy attached). Though the Firm stands closed w.e.f. 04.03.2020. Hence, proceedings under Land Revenue Act will also be initiated for balance amount under due course of law. All the sincere efforts have been made in protection of Government Revenue by considering all aspects of GST Laws. The audit objection noted for future also. Hence, it is requested that para may kindly be settled.

#### No. AMG-II/F. C./L.A.P.-III/2021-22/KTL/AM-08 Dated 23.11.2021

Name of the dealer : Satya Rice Pvt. Ltd.  
 GSTIN : 06AAPCS7388K1ZF  
 Para no. : 2.11.8.3.1(e)  
 Serial no. : 13  
 A.Y. : 2017-18

As per provision of Section 140 of CGST Act, 2017 a registered person, other

than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Cenvat/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section (10) of Section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in Tran-1, it was noticed that the following dealers carried forward excess amount of vat credit in Tran-1 for his actual credit balance as per assessment order of 2017-18 as detailed below:

Sr.N.	Name of Dealer	Ward	GSTIN	Amount carried forward in TRAN - 1	Eligible ITC	Excess ITC Claimed	Period	Interest	Total
1	Satya Rice Pvt. Ltd.	1	06AAPCS7388K1ZF	5931555	0	5931555	23.12.2017 TO 31.03.2021	4656839	10588394

Thus, allowing excess carried forward vat credit amount in Tran-1 and not verifying the actual entitlement resulting in excess carry forward of transitional credits of Rs. 10588394/- (Including interest) which has been utilized by the dealers.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount along with interest amounting to Rs. 10588394/-.

Similar nature of cases may also be examined and suitable corrective action may be taken accordingly and intimated to audit.

## REPLY

In reply to audit, the demand of Rs. 10588394/- (Tax 5931555/-+ Interest 4656839/-) has been created vide DRC-07 dated 19.10.2023(copy attached). The Firm stands closed w.e.f. 02.12.2019. Recovery proceedings initiated under Land Revenue Act. All the sincere efforts have been made in protection of Government Revenue by considering all aspects of GST Laws. The audit objection noted for future also. Hence, it is requested that para may kindly be settled.

**No. AMG-II/F. C./L.A.P.-III/2021-22/KTL/AM-08 Dated 23.11.2021**

Name of the dealer : Nandi international Pvt. Ltd  
 GSTIN : 06AAECN4742K1ZB  
 Para no. : 2.11.8.3.1(e)  
 Serial no. : 14  
 A.Y. : 2017-18

As per provision of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Cenvat/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section (10) of Section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in Tran-1, it was noticed that the following dealers carried forward excess amount of vat credit in Tran-1 for his actual credit balance as per assessment order of 2017-18 as detailed below:

S. N.	Name of Dealer	Ward	GSTIN	Amount carried forward in TRAN- 1	Eligible ITC	Excess ITC Claimed	Period	Interest	Total
1	Nandi International Pvt. Ltd	1	06AAECN4742K1ZB	1064000	0	1064000	09.09.2017 to 31.03.2021	908802	1972802

Thus, allowing excess carried forward vat credit amount in Tran-1 and not verifying the actual entitlement resulting in excess carry forward of transitional credits of Rs. 1972802/- (Including interest) which has been utilized by the dealers.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount along with interest amounting to Rs. 1972802/-.

Similar nature of cases may also be examined and suitable corrective action may be taken accordingly and intimated to audit

**REPLY**

In reply to audit, the demand of Rs. 1972802/- (Tax 1064000/- + Interest 908802/-) vide DRC-07 dated 19.10.2023(copy attached). The taxpayer has reversed the ITC of Rs. 1064000/- in annual Return GSTR-9 of 2017-18. The balance amount of interest to be recovered. The firm stands Active. All the sincere efforts have been made



in protection of Government Revenue by considering all aspects of GST Laws. The audit objection noted for future also. Hence, it is requested that para may kindly be settled.

**No. AMG-II/F. C./L.A.P.-III/2021-22/KTL/AM-08 Dated 23.11.2021**

Name of the dealer : Kissan Rice Land  
 GSTIN : 06AAFCK1809H1ZQ  
 Para no. : 2.11.8.3.1(e)  
 Serial no. : 12  
 A.Y. : 2017-18

As per provision of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitle to take, in his electronic credit ledger, the amount of Cenvat/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section (10) of Section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in Tran-1, it was noticed that the following dealers carried forward excess amount of vat credit in Tran-1 for his actual credit balance as per assessment order of 2017-18 as detailed below:

S. N.	Name of Dealer	Ward	GSTIN	Amount carried forward in TRAN - 1	Eligible ITC	Excess ITC Claimed	Period	Interest	Total
1	Kissan Rice Land	1	06AAFCK1809H1ZQ	1846984	0	1846984	23.12.2017 TO 31.03.2021	1450060	3297044

Thus, allowing Excess carried forward vat credit amount in Tran-1 and not verifying the actual entitlement resulting in excess carry forward of transitional credits of Rs. 3297044/- (Including interest) which has been utilized by the dealers.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount along with interest amounting to Rs. 3297044/-.

Similar nature of cases may also be examined and suitable corrective action may be taken accordingly and intimated to audit.

**REPLY**

In reply to audit, the demand of Rs. 3297044/- (Tax 1846984/- + Interest 1450060/-) has been created vide DRC-07 dated 24.03.2023 (copy attached). The amount of Rs. 1618338/- has been recovered from the credit ledger and recovered Rs. 112217/- under SGST Act on dated 07.07.2023 vide reference no. IP0607230000810. The firm stands closed w.e.f. 01.10.2019. The recovery of balance amount Rs. 1566489/- is under process. The bank account is attached vide letter no. 1152 dated 08.12.2023 and action under attachment is also been taken separately. All the sincere efforts have been made in protection of Government Revenue by considering all aspects of GST Laws. The audit objection noted for future also. Hence, it is requested that para may kindly be settled.

No.AMG-II/F. C./L.A.P.-III/2021-22/KTL/AM-08 Dated 23.11.2021

Name of the dealer : AKM Foods  
 GSTIN : 06AAFCA4257K1ZL  
 Para no. : 2.11.8.3.1(e)  
 Serial no. : 11  
 A.Y. : 2017-18

**Audit Objection**

As per provision of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Cenvat/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed Provided that the registered person shall be allowed to take input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50 (3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43 shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the dealers on the basis of statement of credit taken in Tran-I:

Sr. No.	Name of Dealer	Ward	GSTIN	Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	Interest	Total balance
1	AKM Foods	3	06AAFCA4257K1ZL	17459924	0	17459924	13.12.2017 to 31.03.2021	13618741	31078665/-

Allowing excess carried forward of ITC in Tran-1 and non-verification of actual entitlement of Transitional credit resulted in excess carried forward of ITC. Matter has

been brought to the notice of Assessing Authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e. 3.11 crore.

#### REPLY

In reply to audit, the demand of Rs. 13078665/- (Tax 17459924/- + Interest 13618741/-) has been created vide DRC-07 dated 21.06.2023 (copy attached). The firm stands active. The bank account is attached vide letter no. 1155 dated 08.12.2023. All the sincere efforts have been made in protection of Government Revenue by considering all aspects of GST Laws. The audit objection noted for future also. Hence, it is requested that para may kindly be settled.

#### CAG Report 2020-21

**Para No. 2.118.3.1 (e) (Allowance of ITC as transitional credit where said amount of ITC is not admissible as ITC under this act (for Exempted Goods)**

Sr. No. as per CAG Report	:	38
Name of the Firm	:	M/s Suma Foods Pvt. Ltd.
TIN	:	06902242272
A.Y	:	2017-18

#### Audit Objection

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50 (3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

Sr. No.	Name of the dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Interest	Total
1.	Suma Food Pvt. Ltd.	06AAVCS9836J1ZE	12000000	0	12000000	27-12-17	31-03-21	9389589	21389589

**Reply of Para**

Para is Partially admitted. The firm Stands closed and the dealer deals in Rice Manufacturing. In reply to the audit objection, it is submitted that the firm has claimed excess carry forward of Rs. 12000000/- from HVAT Act, 2003 to GST regime by filing Tran-1 under SGST Act on the basis of excess carried forward in returns VAT R-1 (quarterly return 30-06-2017) under HVAT Act, 2003. The assessment for the year 2017-18 (1<sup>st</sup> quarter) has been finalized vide order No. 301/dated 30-03-2021 (copy enclosed) and an excess carried forward allowed of Rs. 0/- instead of excess claimed in Tran-1 Rs. 12000000/-. Thus there is excess ITC claimed of Rs. 12000000/- in TRAN-1 on utilized amount an interest of Rs. 1278499/- (Which is Calculated on utilized amount @ 18% p.a. from 29.12.2017 to 16.08.2022) is leviable because the tax payer has utilized Excess Claimed in TRAN-1. Thus total additional demand was to be recovered Rs. 13278499/-. Since the firm is closed therefore notice in the form of DRC-01 was issued. No reply received therefore DRC-07 amounting Rs.13278499 has been issued to the Tax Payer.

**CAG Report 2020-21**

**Para No. 2.118.3.1 (e) (Allowance of ITC as transitional credit where said amount of ITC is not admissible as ITC under this act (for Exempted Goods)**

Sr. No. as per CAG Report : 40  
 Name of the Firm : M/s R.G. International  
 TIN : 06522237459  
 A.Y : 2017-18

**Audit Objection:** As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50 (3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

Sr. No.	Name of the dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Interest	Total
1.	M/s R.G. International.	06AAGCR0129J1Z1	5075384	216869	4858515	28-11-17	31-03-21	3894266	8752781

**Reply of Para** Para is Partially admitted. The firm Stands Active and the

dealer deals in Rice Manufacturing. In reply to the audit objection, it is submitted that the firm has claimed excess carry forward of Rs. 5075384/- from HVAT Act, 2003 to GST regime by filing Tran-1 under SGST Act on the basis of excess carried forward in returns VAT R-1 (quarterly return 30-06-2017) under HVAT Act, 2003. The assessment for the year 2017-18 (1<sup>st</sup> quarter) has been finalized vide order No. 12/dated 16-08-2018 (copy enclosed) and an excess carried forward allowed of Rs. 216869/- instead of excess claimed in Tran-1 Rs. 5075384/-. Thus there is excess ITC claimed of Rs. 4858515/- in TRAN-1 on utilized amount an interest of Rs. 1002255/-(Which is calculated on utilized amount @18% p.a. from 20.02.2018 to 17.08.2022) is leviable because the tax payer has utilized Excess Claimed in TRAN-1. Thus total additional demand was to be recovered Rs. 5860770/-. Since the firm is closed therefore notice in the form of DRC-01 was issued. No reply received therefore DRC-07 amounting Rs. 5860770/- has been issued to the Tax Payer.

#### **CAG Report 2020-21**

**Para No. 2.118.3.1 (e) (Allowance of ITC as transitional credit where said amount of ITC is not admissible as ITC under this act (for Exempted Goods)**

Sr. No. as per CAG Report : 42  
 Name of the Firm : M/s Sri Hari Har Overseas  
 TIN : 06642237781  
 A.Y : 2017-18

**Audit Objection:** As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50 (3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

Sr. No.	Name of the dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Interest	Total
1.	Shri Hari Har Overseas Pvt. Ltd	06AASCS6592E1ZT	13150607	1564425	11586182	19-12-17	31-03-21	9126737	20712919

**Reply of Para :** Para is partially admitted. The firm stands closed and the dealer deals in Rice manufacturing. In reply to the audit objection, it is submitted that the firm has claimed excess carry forward of Rs. 13150607/- from HVAT Act, 2003 to GST regime by filing Tran-1 under SGST Act on the basis of excess carried forward in returns VAT R-1 (quarterly return 30-06-2017) under HVAT Act, 2003. The assessment for the year 2017-18 (1<sup>st</sup> quarter) has been finalized vide order No. 11/dated 14-08-2018 (copy enclosed) and an excess carried forward allowed of Rs. 1564425/- instead of excess claimed in Tran-1 Rs. 11586182/-. Thus there is excess ITC claimed of Rs. 11586182/- in TRAN-1 on utilized amount an interest of Rs. 34926/- (Which is calculated on Utilized amount @18% p.a. from 19.12.2017 to 17.08.2022) is leviable because the tax payer has utilized Excess Claimed TRAN-1. Thus total additional demand was to be recovered Rs. 11621108/-. Since the firm is closed therefore notice in the form of DRC-01 was issued. No reply received therefore DRC-07 amounting Rs.11621108 has been issued to the Tax Payer.

#### **CAG Report 2020-21**

**Para No. 2.118.3.1 (e) (Allowance of ITC as transitional credit where said amount of ITC is not admissible as ITC under this act (for Exempted Goods)**

Sr. No. as per CAG Report : 44  
 Name of the Firm : M/s Shri Ram Rice Mills  
 TIN : 06332231016  
 A.Y : 2017-18

**Audit Objection:** As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50 (3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case files of the undermentioned dealers it was noticed that dealers carried forward excess amount of VAT in his TRAN-1:-

Sr. No.	Name of the dealer	GSTIN	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Interest	Total
1.	Shri Ram Rice Mills	06AAWFS7995L1ZV	2987441	596595	2390846	27-12-17	31-03-21	1870755	4261601

**Reply of Para**

In reply to the audit objection, it is submitted that the firm has claimed excess carry forward of Rs. 2987441/- from HVAT Act, 2003 to GST regime by filing Tran-1 under SGST Act on the basis of excess carried forward in returns VAT R-1 (quarterly return 30-06-2017) under HVAT Act, 2003. The assessment for the year 2017-18 (1<sup>st</sup> quarter) has been finalized vide order No. 03/dated 29-04-2019 (copy enclosed) and an excess carried forward allowed of Rs. 596595/- instead of excess claimed in Tran-1 Rs. 2390846/-. Thus there is excess ITC claimed of Rs. 2390846/- in TRAN-1 on utilized amount an interest of Rs. 1046304/- is leviable because the tax payer has not utilised Excess Claimed TRAN-1. The tax payer has deposited Rs. 1583647/- vide DRC-03 AD0602200113413. Thus total additional demand was to be Rs. 1853503/-. Recovery proceeding through DRC-01 has already been initiated against the tax payer. Now DRC-07 issued to the dealer on 4/10/23 to deposit the payment by 3/11/2023.

**Audit & Inspection Note for the year 2020-21****Para No- AMG-11/FC/LAP-7/2020-21/KUK/AM-03**

**Carry forward of Excess Transitional Credit of VAT and interest thereon Rs. 57.76 Lac**

**AUDIT OBJECTION**

Sr. No. : 50  
 Par No. : 2.11.8.3.1 (E)  
 M/s. Jyoti Enterprises  
 GSTIN : 06AKBPG5626P1ZY  
 D.No./Date : 265/17-18/17.02.2021  
 Assessment year : 2017-18, Ward-3

As per provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENTVAT/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under 50 (3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the following dealer it was noticed that following dealer carried forward excess amount of VAT in their TRAN-1:-

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC Claimed	Month when amount credited	Interest	Total	Remarks
435907/-	NIL	435907/-	Nov-2017	41 months 357443/-	793350	Amount is yet to be recovered

**REPLY**

In reply to the audit para, it is submitted that the taxpayer deals in supplies of vegetable residues, bran, sharps and other residues etc. The firm was registered under HVAT Act and migrated to GST on implementation of GST Act. The firm is active. The taxpayer had wrongly claimed TRAN-1 of Rs.435907/-. Accordingly, DRC-07 raised for Rs. 985150/- on dated 13.03.2023 and recovery of Rs.254955/- has been made through ITC by utilizing the Electronic Credit Ledger. Further, letter memo No.1906/W-3 (P.O) dated 03.11.2023 has been written to bank authorities regarding freezing the debit transaction and seeking information regarding credit balance.

In view of the above facts, the para may kindly be dropped.

**No.AMG-II/F. C./L.A.P.-III/2021-22/KTL/AM-08 Dated 23.11.2021**

Name of the dealer : Haryana Kesri Rice Mill  
 GSTIN : 06AAOPN0218M1ZJ  
 Para no. : 2.11.8.3.1(e)  
 Serial no. : 7  
 A.Y. : 2017-18

As per provision of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of Cenvat/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section (10) of Section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in Tran-1, it was noticed that the following dealers carried forward excess amount of vat credit in Tran-1 for his actual credit balance as per assessment order of 2017-18 as detailed below:

S.N.	Name of Dealer	Ward	GSTIN	Amount carried forward in TRAN - 1	Eligible ITC	Excess ITC Claimed	Period	Interest	Total
1	Haryana Keshri Rice Mill	1	06AAOPN0218M1ZJ	4397740	0	4397740	24.10.2017 TO 31.03.2021	3626147	8023887

Thus, allowing excess carried forward vat credit amount in Tran-1 and not verifying the actual entitlement resulting in excess carry forward of transitional credits of Rs. 8023887/- (Including interest) which has been utilized by the dealers.



Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount along with interest amounting to Rs. 8023887/-.

Similar nature of cases may also be examined and suitable corrective action may be taken accordingly and intimated to audit.

#### REPLY

In reply to audit, the Tran-1 amount Rs. 437740/- has been taken under VAT Assessment and demand of Rs. 7865160/- (Tax Rs. 4183596 + Interest 3681564/-) has already been created under HVAT Act, 2003 for the QE 30.06.2017 vide order dated 03.03.2021(copy of order attached) It is submitted that this demand was created **well before the audit objection raised**. The firm stands active. The amount of Rs.559608/- has been recovered vide reference no. IP0612230001385 dated 07.12.2023. The recovery of balance amount of tax Rs. 3623988/- and interest of Rs. 3681564/- is under process for which the bank account is attached vide letter no. 1149 dated 08.12.2023. All the sincere efforts have been made in protection of Government Revenue by considering all aspects of GST Laws. The audit objection noted for future also. Hence, it is requested that para may kindly be settled.

#### No. AMG-II/F. C./L.A.P.-III/2021-22/KTL/AM-08 Dated 23.11.2021

Name of the dealer : S.D. Rice Mill  
 GSTIN : 06AAPP0036M2ZO  
 Para no. : 2.11.8.3.1(e)  
 Serial no. : 8  
 A.Y. : 2017-18

As per provision of Section 140 of CGST Act, 2017 a registered person, other than a person opting to pay tax under section 10, shall be entitle to take, in his electronic credit ledger, the amount of CEN VAT/VAT credit carried forward in the return relating to the period ending 30 June 2017 with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act, 2017 read with sub-section (10) of Section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be, at such rate not exceeding twenty-four per cent., as may be notified by the Government on the recommendations of the Council.

Scrutiny of case files of the dealers on the basis of statement of credit taken in Tran-1, it was noticed that the following dealers carried forward excess amount of vat credit in Tran-1 for his actual credit balance as per assessment order of 2017-18 as detailed below:

S. N.	Name of Dealer	Ward	GSTIN	Amount carried forward in TRAN - 1	Eligible ITC	Excess ITC Claimed	Period	Interest	Total
1	S.D. Rice Mill	1	06AAPP0036M2ZO	1461558	199520	1262038	23.11.2017 TO 31.03.2021	1015716	2277754

Thus, allowing excess carried forward vat credit amount in Tran-1 and not verifying the actual entitlement resulting in excess carry forward of transitional credits of Rs. 2277754/- (Including interest) which has been utilized by the dealers.

Matter has been brought to the notice of assessing authority for taking action as per the provision of the Act and recovered the amount along with interest amounting to Rs. 2277754/-.

Similar nature of cases may also be examined and suitable corrective action may be taken accordingly and intimated to audit

#### REPLY

In reply to audit, the Tran-1 of Rs. 1461558/- has taken under the VAT Assessment and the demand of Rs. 2372631/- (Tax 1262038/- + Interest 1110593/-) has been created under HVAT Act, 2003 for the QE 30.06.2017 vide order dated 02.03.2021(copy attached) **well before the audit objection raised.** The taxpayer has reversed amount Rs. 1473834/- vide DRC-03 dated 10.02.2020 (copy attached). The recovery proceeding of balance amount is under process. The bank account is attached vide letter no. 1151 dated 08.12.2023 and whereabouts of the immovable properties are required from Taxation Inspector. All the sincere efforts have been made in protection of Government Revenue by considering all aspects of GST Laws. The audit objection noted for future also. Hence, it is requested that para may kindly be settled.

Para No.	:	2.11.8.3.1(f)
Sr.No. as per CAG Report	:	53
Name of the firm	:	A.B. Rice Mill, Ladwa
GSTIN	:	06AAEFA7027K1ZI
A.Y	:	2017-18

#### Audit Objection

Sr. No.	:	53
Para No.	:	2.11.8.3.1 (E)
Name of the firm	:	A.B Rice Mill, Ladwa
GSTIN	:	06AAEFA7027K1ZI

**Subject: Carry forward of excess transitional credit of VAT and interest thereon Rs. 5614239/-.**

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input Tax Credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50 (3) of CGST Act, 2017 read with sub –section (10) of Section 42 or undue or excess reduction in output tax liability under sub-section 10 of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four percent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of case file of the following dealer it was noticed that the dealer carried forward excess amount of VAT in their TRAN-1:-

Sr.No.	Name of the dealer	GSTIN	Amount carry forward in Tran-1	Eligible ITC	Excess ITC claimed	Month from and to	Interest	Penalty	DRC-03	Total Balance
			(a)	(b)	(c)	(d)	(e)	(f)	(g)	(h) = (a) to (g)
Ward -02	A.B Rice Mill, Ladwa	06AAEFA7027K1ZI	2982386	0	2982386	27.12.17 to 31.03.2021	2333614	298239	00	5614239

Allowing excess carried forward of ITC in Tran-1 and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which was partially used by the dealer.

Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest 5614239/-.

**Reply of Para:**

The audit party has raised objection that the dealer has carried forward excess amount of VAT in their TRAN-1 filed on dated 27.12.2017 for Rs. 29,82,386/-.

In this regard, it is brought to the notice of the audit party that the Proper Officer vide order in FORM-GST DRC-07, dated 30-05-2019 has already raised a demand of Rs. 2982386/- as tax, Rs. 357886/- as interest and Rs. 298238/- as penalty against the taxpayer on the grounds that the taxpayer is not entitled to credit of input tax paid with regard to Rice and Paddy both being exempted goods under the GST regime.

Further, the taxpayer has preferred an appeal on dated 17.07.2019 before the 1<sup>st</sup> Appellate Authority. The taxpayer has deposited 10% of tax amount i.e. Rs. 298239/- on dated 09.07.2019 in the Govt. treasury for filing of appeal under section 107(6B)., which is pending.

Copy of DRC-07 and appeal are attached here with.

**CAG Report 2020-21**

Para No. : 2.11.8.3.1  
 Sr. No. as per CAG Report : 75  
 Name of Firm : Onkar Trading Co.  
 Tin /GSTIN : 06BDYPB1991B1ZJ  
 A.Y. : 2017-18

### Audit Objection

As per provision of section 140 of HGST act, a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, credit of the amount of Value Added Tax, if any, carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner, as may be prescribed: Provided that the registered person shall not be allowed to take credit in the following circumstances, namely:-

- (i) Where the said amount of credit is not admissible as input tax credit under this Act; or
- (ii) Where he has not furnished all the returns required under the existing law for the period of six months immediately preceding the appointed date; or
- (iii) Where the said amount of credit relates to goods sold under such exemption notification claiming refunds as are notified by the State Government.

During scrutiny of records of DETC Fatehabad it was observed that a few firms claimed transitional credit in respect of goods having tax exemption in GST regime. These firms has been dealing in the business of food grains i.e. wheat, rice etc and these food grains are not taxable in GST regime. As per provision of the act, registered person shall not be allowed to take credit where the said amount of credit is not admissible as input tax credit under this Act (GST Act). Here in case of these firms, which are holding ITC of food grains in the VAT regime, may not be allowed to carry forward ITC of food grains in GST regime as the food grains are not taxable in GST regime.

### Reply of Para

M/s Onkar Trading Co. Fatehabad GSTIN 06BDYPB1991B1ZJ has been migrated from VAT regime to GST. The taxpayer deals in Rice mill. The Taxpayer has claimed for an Amount of Rs. 83.34 Lakh in TRAN – I. In response to the audit objection raised it is submitted that M/s Onkar Trading Company is found bogus and not existent. ITC OF Rs. 83.34 Lakh was blocked, as the Firm pertains to Center Jurisdiction this office has taken protective measures by intimating the central authorities by letter no. 1409 dated 04.12.2018. bank account of the dealer was also attached by this office file letter no. 447 dated 19.07.2018 and also sought details of moveable & removable property of dealer from municipal authority Hisar via this office letter no. 1100/TI W3 dated 17.09.2018. As the utilization of ITC can be done on there end. A reminder is also issued to central authorities vide 1787/ETO (Ward - 03) date 11.10.2022 and again reminder is also issued to central authorities vide 3298/ETO (Ward - 03) date 04.07.2023. so that ITC can be utilized from the dealer. Firm not traceable and FIR lodged in Fatehabad. FIR No. 93, dated 03-04-2019. Further SCN -DRC 01 u/s 122 has been issued on 24/11/2023 vide ref. no. ZD0611230164701.

### CAG Report 2020-21

Para No.	:	2.11.8.3.1 (f)
Sr. No. as per CAG Report	:	15
Name of Firm	:	M/s Rajeev Industries, Rohtak
GSTIN	:	06AAMPJ6128L1ZE
A.Y.	:	2017-18

### Audit Objection

#### Carry Forward of ineligible Transitional Credit of VAT before filing of requisite returns

As per provision of Section 140(1) of HGST Act 2017, a registered person, other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, credit of the amount of Value added Tax, if any carried forward in the return relating to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner, as may be prescribed:

Provided that the registered person shall not be allowed to take credit in the following circumstances namely:-

- (i) Where the said amount of credit is not admissible as input tax credit under this Act:
- (ii) Where he has not furnished all the returns required under the existing law for the period of six months immediately preceding the appointed day
- (iii) Where the said amount of credit relates to goods sold under such exemption notification claiming refunds as are notified by the State Government

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
1722336	0	1722336	27-12-17	31-03-21	1190	1347669	3070005

During scrutiny of case files of undermentioned firm, prima facie, it was observed that this firm has claimed ITC as transitional credit before furnishing of required R1 returns (2017-18/Q1):-

As the last six months returns prior to 01 July 2017 were not found filed before claiming of Tran-1 credit, hence, as per section 140(1) (ii) of HGST act, firms was not eligible for transitional credit through Tran-1. Allowing excess carried forward of ITC in Tran-1 and non-verification of actual entitlement of transitional credit on time, resulted in ineligible carried forward of ITC. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e. 31.00(17.22+13.78) lakhs.

**Reply**

It is submitted that the objection raised by Audit in case of M/s Rajeev Industries, Rohtak GSTIN:06AAMPJ6128L1ZE has been examined by the Assessing Authority. Presently, as of now, the dealer is existing, functional and doing business at the address premises as mentioned on the GST Portal.

The audit has pointed out that the M/s Rajeev Industries, Rohtak GSTIN :06AAMPJ6128L1ZE has claimed ineligible Transitional credit of Rs. 1722336 in Tran-01. In reply of audit objection, it is submitted that while finalizing the case of assessment year 2017-18 on 02.03.2021, the Assessing Authority created an additional demand of Rs.3247889/- (including claim of Tran-1 , interest and penalty thereon) under VAT Act,2003 and Rs. 214364/- (including penalty thereon) under CST Act, 1956. Now, the dealer has filed an appeal before the Joint ETC, Appeal Rohtak on dated 20.04.2022 which is pending till date. As all the measures for protecting the revenue have been taken in the present case, the Para may kindly be settled.

**CAG Report 2020-21**

Para No. : 8.3.1(F)  
 Sr. No. as per CAG Report : 04  
 Name of Firm : M/s. SONI TRADERS, Gurugarm (E)  
 GSTIN : 06EEIPK6019B1ZS

**Audit Objection**

**Transitional Credit where taxpayer have not furnished all the returns required under the existing law.**

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
29164440	09	29164440	27/12/17	31/03/21	1190	22820176	51984616

**Reply**

It is submitted that the objection raised by the Audit in the case of **M/s. SONI TRADERS**, GSTIN-**06EEIPK6019B1ZS** has been examined by the Assessing Authority and it is found that the dealer is engaged in the business of metal products / scrap etc and the firm stands cancelled suo moto w.e.f. 01.07.2017. Audit objection raised by the audit is admitted and the case of the taxpayer has been taken up for Scrutiny of Returns for the year 2017-18 and Show Cause Notice in the form of DRC-01 issued under section 74(tax fraud) of the HGST Act 2017 and rules thereunder. Outcome of the same after due proceedings will be intimated to the audit. In the view of the above the audit para may please be dropped (copy of the SCN attached).

**CAG Report 2020-21**

Para No. : 8.3.1(F)  
 Sr. No. as per CAG Report : 5  
 Name of Firm : M/s. Jain Impex., Gurugarm (E)  
 GSTIN : 06BDEPJ6131R1Z8

**Audit Objection**

**Transitional Credit where taxpayer have not furnished all the returns required under the existing law.**

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
26566446	0	26566446	27/12/17	31/03/21	1190	20787334	47353780

**Reply**

It is submitted that objection raised by the Audit in the case of **M/s. Jain Impex**, GSTIN-**06BDEPJ6131R1Z8** has been examined by the Assessing Authority and it is found that the dealer is engaged in the business of fruit, dried, nuts or dried fruits of apricots and the firm is functional at its place of business. Audit objection raised by the Audit is admitted and the case of the taxpayer has been taken up for Scrutiny of Returns for the year 2017-18 and Show Cause Notice in the form of DRC-01 issued under section 73 of the HGST Act 2017 and rules thereunder. Outcome of the same after due proceedings will be intimated to the audit. In the view of the above the audit para may please be dropped (copy of the SCN attached).

**CAG Report 2020-21**

Para No. : 8.3.1(F)  
 Sr. No. as per CAG Report : 7  
 Name of Firm : M/s. Balaji Trading, Gurugarm (E)  
 GSTIN : 06EEIPK6835P1ZR

**Audit Objection**

**Transitional Credit where taxpayer have not furnished all the returns required under the existing law.**

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
26166441		26166441	27/12/17	31/03/21	1190	20474344	46640785

**Reply**

It is submitted that objection raised by the Audit in the case of **M/s. Balaji Trading**, GSTIN-**06EEIPK6835P1ZR** has been examined by the Assessing Authority and it is found that the dealer is engaged in the business of ferrous waste and scrap dealership and the firm stands cancelled suo moto w.e.f. 24.05.2018. Audit objection raised by the Audit is admitted and the case of the taxpayer has been taken up for Scrutiny of Returns for the year 2017-18 and Show Cause Notice in the form of DRC-01

issued under section 74 of the HGST Act 2017 and rules thereunder. Outcome of the same after due proceedings will be intimated to the audit. In the view of the above the audit para may please be dropped (copy of the SCN attached).

#### **CAG Report 2020-21**

Para No. : 8.3.1(F)  
 Sr. No. as per CAG Report : 09  
 Name of Firm : M/s Vipin Enterprises, Gurugarm (E)  
 GSTIN : 06ASCPV4912E1ZU

#### **Audit Objection**

**Transitional Credit where taxpayer have not furnished all the returns required under the existing law.**

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
417890564	09	417890564	27/12/17	31/03/21	1190	357485342	775375906

#### **Reply**

It is submitted that objection raised by the Audit in the case of M/s.Vipin Enterprises, GSTIN-06ASCPV4912E1ZU has been examined by the Assessing Authority and it is found that the dealer is engaged in the business of sanitary ware items and the firm is stands cancelled suomoto w.e.f. 23.01.2019. It is also submitted that M/s Vipin Enterprises is a bogus / non existentfirm and FIR against the firm has already been lodged vide No. 115/2018 and the trial is under process in the District Session's Court, Gurugram (Haryana). It is pertinent to mention that the Interest @ 18% is applicable u/s 50 of CGST Act 2017 however the audit party calculated the interest @ 24% . Audit objection raised by the Audit is admitted and the case of the taxpayer has been taken up for Scrutiny of Returns for the year 2017-18 and Show Cause Notice in the form of DRC-01 issued under section 74 (tax fraud)of the HGST Act 2017 and rules thereunder. Since all the sincere efforts has been made to protect the Government Revenue. Hence, it is requested that the audit para may be dropped.

Para No. 2.11.8.3.1(F)- Non Filing of Returns

M/s QUICKROUTES INTERNET PVT. LTD. (M/s Myntra Jabong India (P) Ltd.)

Tin: - 06403800320

GSTIN: - 06AAACQ3774A1ZR

#### **Audit Objection**

As per provision of section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. As per precision of act the registered person shall not be allowed to take credit in the following circumstances, namely, (i) where the said amount of credit ins not admissible as input tax credit under this act; or (ii) where he has not furnished all the returns required under the existing law for the period of six months immediately preceding the appointed date; or (iii) where the



said amount of credit relates to goods sold under such exemption notification claiming refunds as are notified by the State Government.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with subsection (10) of section 42 or undue or excess reduction in output tax liability under sub Section (100 of Section 43, shall pay interest on such undue or exceeding twenty-four per cent, as may be notified by the government on the recommendations of the council.

During scrutiny of case files of M/s Myntra Jabong India Ltd. (earlier known as Quick routes Internet Private Ltd.) it was observed that the firm have claimed TTC as transitional credit, however, no records related to furnishing of required returns (C4 of 2016-17 in this case), under existing law for the period of last six months immediately preceding the appointed date i.e 01 July 2017 could be produced to audit. Detail of ineligible credit and interest thereof is appended below: -

As the condition to furnish last six months returns prior 01 July 2017 was not fulfilled by the firm, hence, as per section 140 (1) (ii) of HGST Act, firms was not eligible for transitional credit through Tran-1. allowing ineligible carried forward of ITC in Tran-1 and non-verification of actual entitlement of transitional credit on time, resulted in ineligible carried forward of ITC. matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e Rs. 35.00 lakh (19.66 15.34).

Name of the Dealer	GSTIN	Amt. Carried forward in Tran 1	Eligible ITC	Excess ITC Claim	From	To	Days	Interest	Total Balance
Quickroutes Internet	06AAACQ3774A1ZR	1966603/-	00	1966603/-	30/12/2017	31/03/2021	1186	1533627/-	3500230/-

#### Audit Reply

In reply to audit memo, it is submitted that the firm is doing the business of manufacturing of Readymade Garments, Footwear, Leather Goods & Electronic Goods at Gurugram. The Audit has pointed out that the dealer has carried forward the excess amount of VAT credit in Tran-1 for his actual credit balance as per assessment order of the A/Y 2017-18. **The Audit Para is admitted. The taxpayer is active and functional.**

In this regard, it is submitted that original assessment case for the year 2017-18 was framed by the then assessing authority vide D. No 624/ 2017-18 dated 17-12-2019 and no such excess carry forward was allowed in the assessment order.

Accordingly, Notice DRC-01, was issued to the taxpayer on dated 02-03-2022 vide Reference No. ZD0603220005136 (Copy enclosed). The taxpayer has submitted the reply in form DRC-06 alongwith detail reply on dated 05-04-2022 (Copy enclosed). Recovery proceedings have been initiated and recovery of Rs.19,66,603/- is made vide DRC-03 Debit Entry No. DI0604230202287 dated 21-04-2023. **(Copy of DRC-03 is enclosed).**

It is further submitted that the Audit has calculated interest amounting to Rs.15,33,627/- @ 24% from 30-12-2017 to 31-03-2021 (1186 days). This interest rate is as per Section 50(3) of the CGST/SGST Act, 2017. This interest was to be applicable after Govt. Notification. However, the Govt. has not notified this interest rate. Hence,

applicable interest rate is @18% and therefore, Interest is calculated @18% in DRC-01. This resulted in difference between the Interest amount calculated by the Audit and Interest amount calculated in DRC-01.

Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has been taken.

Hence, it is requested that the para may kindly be dropped.

#### **CAG Report 2020-21**

Para No. : 2.11.8.3.1(F)  
 Sr. No. as per CAG Report : 3  
 Name of the Firm : S.S. Overseas  
 TIN/GSTIN : 06891839022/ 06AYKPD2466M1Z6

#### **Audit Objection**

Carry Forward of Excess Transitional Credit of Non-Eligible Amount (Where TRAN-1 amount was not considered in Assessment Orders). During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by the dealers wholly/partially. Matter has been brought to the notice of Assessing Authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total
14997790	0	14997790	27.12.2017	31.03.2021	1190	11735257	26733047

#### **Audit Reply:**

In reply to audit objection it is submitted that the para is admitted and the firm was doing business in hardware/sanitary goods. The firm stands cancelled w.e.f. 01.07.2017 and proprietor of the firm is not traceable. It is pertinent to mention that the Interest@ 18% is applicable u/s 50 of CGST Act, 2017, however the audit party calculated the interest @24%. SCN under section 74(1) of the HGST Act, 2017 in form DRC-01 and DRC-07 was issued to the firm. SCN under section 74(1) of the HGST Act, 2017 in form GST DRC-01 has been issued to the dealer. Form GST DRC-07 also issued to the dealer. A letter has been written to Income Tax Department, Delhi Ward 47(1), Delhi on 18.09.2019 to know the details of Bank Account registered with the department on the PAN of Proprietor of the firm. As per letter dated 26.09.2019 received from the Income Tax Department, the Bank Account No. 0117000105121554 of the Proprietor in PNB, Sadar Bazar Delhi. Proprietor has another Bank Account in Axis Bank, Chandni Chowk Delhi as per this office record. Letters have already been written to Punjab National Bank, Chawla Market, Sadar Bazar, Delhi-110006 on 04.10.2019 and Axis Bank Limited, Coronation Hotel Building, Chandni Chowk, Delhi (IFSC Code UTIB0000254) on 24.11.2020 for attachment of Bank Account. A letter has also been written to Sub Divisional Magistrate, North Region, Civil Lines, Kashmiri Gate, Delhi on 22.03.2019

and reminder on 07.12.2023 to know about immoveable property against the Proprietor of the firm.12.2011ITC for Rs.38270/- has been blocked.

Since all the sincere efforts have been made to protect the Government revenue, hence it is requested that the para may be settled.

#### **CAG Report 2020-21**

Para No. 2.11.8.3.1 (f)- Allowance of Transitional Credit where Taxpayers have not furnished all returns required under the existing law.

Name of Firm: M/s Orbit Techsol India Private Limited, Gurugram

GSTIN-06AAACO3303K1ZR

A.Y. 2017-18

#### **Audit Objection**

As per provision of Section 140 of CGST Act, 2017, a registered person other than a person opting to pay tax under section 10, shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished by him under the existing law in such manner as may be prescribed. As per provision of Act, the registered person shall not be allowed to take credit in the following circumstances namely:—

- (a) Where he has not furnished all the returns required under the existing law for the period of six months immediately preceding the appointed date.

OR

- (b) Where the said amount of credit relates to goods sold under such exemption notification claiming refunds as are notified by the State Government.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty-four percent, as may be notified by the Government on the recommendations of the Council.

During scrutiny of your case file, it was observed that the you have claimed ITC as transitional credit, however, no records related to furnishing of required returns under existing law for the period of last six months immediately preceding of appointed date i.e 01 Jul 2017 could be produced to audit. Details of ineligible credit and interest thereof is as under: -

Name of dealer	GSTIN	Amount carried forward in Tran-1	Eligible ITC	Excess ITC claimed	From	To	Days	Interest	Total Balance	Return default
Orbit Techsol India Pvt. Ltd.	06AAACO3303K1ZR	294667	0	294667	09.09.2017	31.03.2021	1299	251686	546353	2017-18 Q1

As the condition to furnish last six months returns prior to 01 Jul 2017 was not fulfilled by you, hence, as per section 140(1)(ii) of HGST Act, firms was not eligible for transitional credit through Tran-1. Allowing ineligible carried forward of ITC in Tran-1 and non-verification of actual entitlement of transitional credit on time, resulted in ineligible carried forward of ITC. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount alongwith interest i.e Rs. 5.46 (2.94+2.51) Lakh.

#### **Reply of Para**

In reply to the Audit Para, It is submitted that the taxpayer is doing the business of trading of computer and electronic goods at Gurugram.

**The taxpayer has migrated into GST Regime w.e.f 01.07.2017 and is active taxpayer.**

The Audit has pointed out that the taxpayer was not eligible for transitional credit in Tran-1 as Taxpayer has not furnished all returns required under the existing law.

#### **The Audit Para is admitted.**

In reply to this audit observation, it is submitted that a Show Cause Notice was issued to the taxpayer on dated 02-08-2021 for 13-08-2021 and sent to the registered email ID of the firm. But nobody turned up nor furnished any reply to this Show Cause Notice. Hence, proceeding initiated accordingly against the taxpayer.

It is submitted that the available ITC of Rs. 51731/- has already been blocked on dated 09-03-2022 and a Show Cause Notice in Form GST DRC-01A was also issued to the dealer for Rs. 879876/- (Tax-Rs. 294667/- + Interest- Rs. 290542/- + Penalty- Rs. 294667/-) on 09-03-2022 for 09-04-2022 with the directions to pay the amount of tax, Interest & Penalty u/s 74 of the HGST Act, 2017 but the dealer has again not responded. Further, proceedings have been initiated by issuing Show Cause Notice in Form GST DRC-01 under Section 74(1) of the CGST/HGST Act, 2017 to the dealer for 06.04.2023 **(Copy enclosed)**. The taxpayer has not submitted any reply of this Show Cause Notice in Form GST DRC-01 issued under Section 74 (1) of the CGST/HGST Act, 2017. Hence, Order in Form DRC 07 u/s 74(9) of the CGST/HGST Act, 2017 was issued to the taxpayer on dated 14.09.2023 for 14.10.2023 **(Copy enclosed)** and created additional demand of Rs. 9,14,057/- (Tax= 294667 + Interest= 324723 + Penalty= 294667).

It is further submitted that the Audit has calculated interest amounting to Rs. 2,51,686/- @ 24% from 09-09-2017 to 31-03-2021 (1299 days). This interest rate is as per Section 50(3) of the CGST/SGST Act, 2017. This interest was to be applicable after Govt. Notification. However, the Govt. has not notified this interest rate. Hence, applicable interest rate is @18% and therefore, Interest has been calculated @18% in DRC-07. This resulted in difference between the Interest amount calculated by the Audit and Interest amount calculated in DRC-07. The taxpayer is having 90 days' time to file Appeal against the Order and hence, the recovery proceedings can be initiated against the taxpayer after 90 days of issuance of order.

Since, the issue has achieved its finality and necessary action for protection of Govt. Revenue has been taken.

Hence, it is requested that the para may kindly be dropped.

<p>No.: AMG-II/FC/SSCA-TC/2021-22 dated 16.7. 2021</p> <p>Sub : Carry forward of Excess Transitional Credit of VAT and Interest thereon. Of Rs.13.48 lakh.</p> <p>M/s Shri Laxmi Uldyog Gurgaon TIN 06741921021</p> <p>As per Provision of Section 140 of CGST Act 2017 a registered person other than a person opting to pay tax under section 10 shall be entitled to take.</p> <p>A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four per cent, as may be notified by the Government on the recommendations of the Council.</p> <p>Scrutiny of the case files of the dealers on the basis of statement of credit taken in Tran-1 it was noticed that the 104 dealers (Annexure enclosed) carried forwarded excess amount of vat credit in Tran -1 for his actual credit balance as per assessment order of 2017-18. Thus, allowing excess carried forward of ITC in Tran -1 without verification of actual entitlement of transitional credit resulted in excess carried forward of ITC. Matter has been brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC along with interest amounting to Rs/-</p>	<p>In reply to this para, it is submitted that the original assessment of the firm M/s Shri Laxmi Udyog P. Ltd Gurgaon holding TIN 06741921021 for the year 2017-18 was framed by the then assessing authority vide demand No. 122 dated 31.3.2021 and the dealer migrated to GST regime having GSTN 06AACC2867C2Z1 but cancelled w.e.f 18.04.2019.</p> <p>The audit has pointed out that the dealer has excess carry forwarded amount of Rs. 7.25 Lacs. Through TRAN 1.</p> <p>The audit para is admitted. The assessing authority has framed the assessment u/s 15(5) of the HVAT Act and created additional demand of Rs. 1182121/- which is inclusive of interest amounting to Rs. 456893/- (Copy of Assessment order is enclosed).</p> <p>Order in the form of DRC 07 u/s 73 of SGST/CGST Act, 2017 vide reference no. ZD060422000986J dated 05.04.2022 has been passed creating demand of Rs. 1182121/- (Copy enclosed).</p> <p>Since the necessary action for the protection of Govt. revenue has been taken, it is requested that the Para may please be dropped.</p> <p>(Excise &amp; Taxation Officer) Gurgaon. Ward-10</p>
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#### CAG Report 2020-21

Para No. : 2.11.8.3.1(f)

Sr. No. : 13

Name of Firm : Ganpati Traders

GSTIN : 06BPBPR1833R1ZF

A.Y. : 2017-18

#### Audit Objection

##### **Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the

notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	Days	interest@24%	Total
39352950	0	39352950	26-12-2017	31-03-2021	1191	30818212	70171162

### Reply of Para

Whereas, the taxpayer M/s Ganpati Traders GSTIN 06BPBPR1833R1ZF, registered under HGST/CGST Act, 2017 w.e.f. 01-JUL-2017. As per GST portal, the taxpayer is engaged in the business of items like telephone sets, including telephones for cellular networks or for other wireless networks, safety fuses, c slag, ash and residues, containing arsenic, metals or their compounds - containing mainly zinc: hard zinc spelter covered under HSN 85171110, 36030011, 26201100. The audit party in its objection observed that M/s Ganpati Traders claimed transitional credit for Rs.3,93,52,950/- of VAT without filling of required returns R-1 & R-2. In reply to audit, it is submitted that the case for the year 2015-16 was assessed on exparte on 14.03.2019. No benefits of ITC was given to the dealer/taxpayer. On scrutiny of R1 and R2 for the year 2016-17, dealer filed nil returns and no excess carry forward was available. The above said firm has migrated to GST regime in 2017. As per TRAN-1 filed by the dealer, claimed a credit of tax paid on closing stock on 30.06.2017, and subsequently filled return in form GSTR-3B for the period July to December 2017. Department received some inputs about fraud firm and scrutinized the returns above said dealer. The Assessing Authority immediately taken preventive action against the dealer and cancelled the GSTIN/TIN No. 06371944553 and GSTIN 06BPBPR1833R1ZF cancelled on 31.10.2018. Now an Order for recovery in Form of DRC-07 issued bearing number ZD061022014198V dated 18.10.2022.

### CAG Report 2020-21

Para No. : 2.11.8.3.1(f)  
 Sr. No. as per CAG Report : 18  
 Name of the Firm : M/s Ozone GSP Infratech {Faridabad (North)}  
 GSTIN : 06AACFO3989Q1ZF  
 Assessment Year : 2017-18

### Audit Objection :-

As per provision of Section 140 (5) of Haryana Goods & Service Tax Act, 2017 a registered person shall be entitled to take, in his electronic credit ledger, credit of value added tax, if any, in respect of inputs received on or after the appointed day but the tax in respect of which has been paid by the supplier under the existing law, subject to the condition that the invoice or any other tax paying documents of the same was recorded in the books of account of such person within a period of thirty days from the appointed day:

(a) Provided that the period of thirty days may, on sufficient cause being shown, be extended by the Commissioner for a further period not exceeding thirty days: (b)

Provided further that the said registered person shall furnish a statement, in such manner, as may be prescribed, in respect of credit that has been taken under this sub-section.

During audit of DETC North, Faridabad it was observed that a firm namely M/s Ozone GSP Infratech received transitional credit of Rs. 14,51,523/- after claiming the said amount in TRAN-01 form. The dealer has claimed its TRAN-01 under section 140 (5) of HGST/CGST Act where he was supposed to pay the requisite tax under existing law (HVAT) although the goods were received after appointed day (1<sup>st</sup> July, 2017).

In this regard following observation may please be replied to: -

- (a) For paying the input tax amount to seller in HVAT regime, registration was pre-requisite. However, records/files related to HVAT registration/assessment of M/s Ozone GSP Infratech was not found available in the records of O/o DETC North, Faridabad. No records of filing of requisite returns i.e. R1, R2 was found available. Hence, without authenticity of payment of ITC under HVAT regime, transitional credit received as SGST is irregular.
- (b) Above credit was subject to the condition that the invoice or any other tax paying document of the same was recorded in the books of account of such person within a period of thirty days from the appointed day. No records related to dated of invoices & its entries in the books of account within 30 days could be produced to audit.

Reason for allowing the transitional credit of Rs. 14.51 Lakhs without availability of required documents/records & its verification may be supplied to Audit.

**Reply: -**

In response to the Audit objection raised by the audit party, it is submitted that the case for the year 2017-18 has been taken up U/s 61 of HGST Act, 2017. Further, the taxpayer was issued notice in form DRC-01 vide Reference No. ZD060923011647C dated 14.09.2023.

***The Committee has desired that the interest of State be protected vigorously in the cases pending in appeal; recovery be expedited meticulously and the department to reconcile the cases or amount in the office of the Principal Accountant General (Audit), Haryana under intimation of the Committee.***

**[13] 2.11.8.3.2 Carry forward of transitional credit of VAT in respect of inputs received on or after the appointed day:**

As per provision of Section 140 (5) of HGST Act 2017, a registered person shall be entitled to take, in his Electronic Credit Ledger, credit of value added tax, if any, in respect of inputs received on or after the appointed day but the tax in respect of which has been paid by the supplier under the existing law, subject to the condition that the invoice or any other tax paying document of the same was recorded in the books of account of such person within a period of thirty days from the appointed day:

Provided that the period of thirty days may, on sufficient cause being shown, be extended by the Commissioner for a further period not exceeding thirty days:

Provided further that the said registered person shall furnish a statement, in such manner, as may be prescribed, in respect of credit that has been taken under this sub-section.

A taxable person who makes an undue or excess claim of input tax credit under Section 50 (3) of HGST Act read with sub-section (10) of Section 42 or undue or excess reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty-four *per cent*, as may be notified by the Government on the recommendations of the Council.

**(b) Excess transitional credit: Duplicate claim of Transitional credit**

Scrutiny of the records of office of 27 DETCs, in DETC (ST) Jind revealed that out of 44 cases, in one case the dealer had claimed transitional credit of ₹ 1.10 crore in CGST and ₹ 1.10 crore in SGST for similar items in Table 7B of Tran-1 and the same was credited in ECL. Hence, the dealer made a duplicate claim of transitional credit of ₹ 1.10 crore in Tran-1. This resulted in excess carried forward of VAT/transitional credit of ₹ 1.10 crore in ECL. Interest was also leviable as per Act.

**The department in its written reply stated that as under: -**

PARA No.	: 2.11.8.3.2(b)
S. No.	: 01
Name of the Dealer	: SITI JIND Digital Media Communications Pvt. Ltd. (Jind)
GSTIN	: 06AABCL9536C1ZN
A.Y.	: 2017-18

**Audit Objection**

As per provision of Section 140 of CGST Act, 2017 a registered person other than a person opting to pay tax under section 10 shall be entitled to take, in his electronic credit ledger, the amount of CENVAT/VAT credit carried forward in the return relation to the period ending with the day immediately preceding the appointed day, furnished y him under the existing law in such manner as may be prescribed. Provided that the registered person shall be allowed to take Input tax credit in some specific circumstances.

A taxable person who makes an undue or excess claim of input tax credit under 50(3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output

Tax liability under sub-section (10) of section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate no exceeding twenty four per cent,as may be notified by the Government on the recommendations of the Council.



The under mention dealer has filled TRAN-1 and claimed an amount of eligible duties and taxes amounting to Rs-11005785/- and VAT/(ET) Rs-11005785/- in respect of inputs or input services u/s 140(5) in T-7B and same were credited in his Electronic Credit Ledger on dated- 29.06.2019. During Scrutiny of record and data base related to GSTIN- 06AABCL9536C1ZN, TIN- 06692014023, it was noticed that the dealer had filed all returns as NIL for the 2015-16, 2016-17, 2017-18(1<sup>st</sup> Qtr) and in all three years cases were decided u/s 15(1) with nil liability. However, dealer had claimed an amount of Rs- 8801080/- for eligible duties and taxes and 8801080? For VAT(ET) both amount pertain to management services and an invoice of dt- 18.07.2017 having tax impact of Rs-230720/- prior to GST regime i.e 1<sup>st</sup> July 2017. Thus, dealer was not applicable on services on during VAT regime. Further in last three years dealer had not shown any turnover. Thus, allowing ineligible claim of Duties and Taxes amounting to Rs-22011570/- in TRAN-1 without verification of transaction resulted in ineligible duties and taxes amounting to Rs-22011570/- besides interest @24% per annum. Matter has been brought to the notice of Assessing Authority for taking action as per the provision of Act.

#### **Reply of Para**

The firm is alive. M/s Siti Jind Digital Media Communication Pvt. Ltd, Tin- 066920114023 (GSTN: 06AABCL9536C1ZN) having claimed Transitional CENVAT/ VAT in TRAN-1 amounting to Rs. 11005785/- in State Tax and Rs-11005785/- in Central Tax Vide reference no-AA061117008429C on dated-29.06.2019. The Taxable Person has reversed ITC of Rs-11005785/- under SGST on dated-19.12.2019 through GSTR-3B of November 2019-20 (Screen Shot attached). But transitional credit claimed in TRAN-1 of Rs-11005785/- under CGST was not reversed . A show cause notice in form DRC-01 has been issued by this office vide reference no-ZD06032200447T dated-14.03.2022. No Coercive step can be taken against the Taxable Person as per the order of Hon'ble Punjab & Haryana High Court ( Copy Attached). Next date of hearing is not available on the website of Hon'ble Punjab & Haryana High Court (Copy Enclosed).

As all the action under GST Act taken therefore, in view of the above audit para deserve to be dropped.

***The Committee has desired that the interest of the State be protected meticulously and outcome in the case of M/s Siti Jind Digital Media Communications Pvt. Ltd. pending adjudication before Hon'ble High Court be intimated to the Committee.***

#### **[14] 2.11.8.3.3 Transitional Credit by the taxpayers under composition schemes:**

As per provision of section 140 (6) of HGST Act 2017, a registered person, who was either paying tax at a fixed rate or paying a fixed amount in lieu of the tax payable under the existing law shall be entitled to take, in his Electronic Credit Ledger, credit of value added tax in respect of inputs held in stock and inputs contained in semi-finished or finished goods held in stock on the appointed day subject to the following conditions, namely:

- (i) Such inputs or goods are used or intended to be used for making taxable supplies under this Act;
- (ii) The said registered person is not paying tax under section 10;

- (iii) The said registered person is eligible for input tax credit on such inputs under this Act;
- (iv) The said registered person is in possession of invoice or other prescribed documents evidencing payment of tax under the existing law in respect of inputs; and
- (v) Such invoices or other prescribed documents were issued not earlier than twelve months immediately preceding the appointed day.

A taxable person who makes an undue or excess claim of input tax credit under 50 (3) of CGST Act 2017 read with sub-section (10) of section 42 or undue or excess reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding twenty four *per cent*, as may be notified by the Government on the recommendations of the Council.

Scrutiny of the records of office of 27 DETCs, in three<sup>33</sup> DETCs (ST) revealed that out of 483 cases, in six cases taxpayers who opted for composition scheme in pre-GST regime, claimed ITC of ₹ 2.06 crore in TRAN-1. Such dealers were not entitled for input tax credit under pre-GST regime, hence, were not entitled to claim transitional credits of ₹ 2.06 crore under Table 5C of TRAN-1 proforma in GST regime. These dealers were only entitled to carry forward their balance stock under Table 7C of Tran-1 proforma as per conditions prescribed in the act. This resulted in excess carried forward of VAT /transitional credit of ₹ 2.06 crore in ECL. Interest was also leviable as per Act.

The Department stated in the Exit Conference held in March 2022 and in response in April 2022 that notice had been issued to the dealer in one case of Faridabad (North) and in remaining cases efforts would be made to recover the outstanding amount.

The average of ineligible transitional credit by the taxpayers was ₹ 34.41 lakh whereas the median value was ₹ 28.77 lakh.

**The department in its written reply stated that as under: -**

**CAG Report 2020-21**

Para No.	:	2.11.8.3.3
S. No. as per CAG	:	1
Name of Firm	:	Vatika Ltd.
GSTIN	:	06AABCV5647G1Z9

**Audit Objection**

Transitional Credit by the taxpayers under composition scheme

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
4009215	0	4009215	29/10/2017	31/03/2021	1249	3292609	7301824

**Reply of Para**

The dealer is builder/developer and migrated into GST Act, 2017 and is existing. The audit para is admitted. In reply to audit, it is intimated that the audit has pointed out the dealer has claimed ITC ineligible ITC of Rs. 4009215/-, in TRAN-1 and the audit calculated the applicable interest of Rs. 3292609/-, total outstanding calculated by audit was Rs. 7301842/-. The dealer has reversed an amount of Rs. 6095525/- through DRC 03 (copy attached) on dated 28.10.2021 vide ARN No AD061021004216Y of TRAN-1. It is also intimated that the taxpayer has approached to appellate authority the Joint Excise & Taxation Commissioner (Appeals) against the assessment order for the A.Y. 2016-17 and A.Y. 2017-18 and the appeal is pending before the appellate authority. Remaining amount will be received as and when appeal decided by the Joint Excise & Taxation Commissioner (Appeals). The dealer has submitted an affidavit (copy attached) that if the appeal is decided against the company all the liabilities of interest will be deposited by the company with-in 30 days of the orders of appellate authority.

In view of the above facts the audit may please be dropped.

**CAG Report 2020-21**

Para No. : 8.3.3  
 Sr. No. as per CAG Report : 2  
 Name of Firm : M/s. MGRM Engineers Pvt Ltd. Gurugarm (E)  
 TIN/GSTIN : 06281838824/06AADCM4398P1ZR  
 A.Y. : 2017-18

**Audit Objection****Carry Forward of excess Transitional Credit of Non-Eligible Amount (Where Tran-1 amount was not considered in Assessment Orders)**

During scrutiny of case file of the dealer it was noticed that dealer carried forward excess amount of VAT in his TRAN-1. Allowing excess carried forward of ITC and non-verification of actual entitlement of transitional credit resulted in excess carried forward of ITC which may be used by dealers wholly/partially. Matter has been brought to the notice of assessing authority for taking action as per provisions of Act, for recovery of ITC amount along with interest.

Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	From	To	days	Interest	Total
3454134	0	3454134	30-11-2017	31-03-2021	1217	2764064	6218198

**Reply**

It is submitted that the objection raised by Audit in case of M/s. MGRM Engineers Pvt Ltd., GSTIN 06AADCM4398P1ZR has been examined by the Assessing Authority. The dealer is engaged in works contract services. Presently, as of now, the firm is active as mentioned on the GST portal. Audit objection raised by the Audit is partly admitted because interest calculation done by audit party is at 24%, whereas interest as per section 50 at CGST/SGST should be at 18%.

The dealer claimed ineligible ITC of Rs. 3454130/- through TRAN-1. While scrutiny of Returns/VAT assessment order for the year 2016-17 & 2017-18, it was revealed that no excess was allowed to the dealer in assessment orders. It is intimated

that intimation to SCN (DRC-01A) issued to the taxpayer on 08.09.2023. Subsequently, DRC-01 issued to taxpayer on 16.09.2023. In reply to the DRC-01, taxpayer has submitted that it has filed an appeal against the VAT Assessment order for the year 2016-17 which is pending before JETC (Appeal) Gurugram. Since all the sincere efforts has been made to protect the government revenue. Hence, it is requested that the para may be dropped.

Para No. : 2.11.8.3.3  
 Sr. No. as per CAG Report : 1  
 Name of Firm: : M/s Perfect Arts  
 GSTIN: : 06AALFP6576F1ZV  
 A.Y.: : 2017-18

**Audit Objection :-**

As per provision of Section 140 of CGST Act, 2017 a registered person, who was either paying tax at a fixed rate or paying a fixed amount in lieu of the tax payable under the existing law shall be entitled to take, in his electronic credit ledger, credit of value added tax in respect of inputs held in stock & inputs contained in semi-finished or finished goods held in stock on the appointed day subject to the following conditions, namely: -

- (i) such inputs or goods are used or intended to be used for making taxable supplies under this Act;
- (ii) the said registered person is not paying tax under section 10;
- (iii) the said registered person is eligible for input tax credit on such inputs under this Act;
- (iv) the said registered person is in possession of invoice or other prescribed documents evidencing payment of tax under the existing law in respect of inputs; and
- (v) such invoices or other prescribed documents were issued not earlier than twelve months immediately preceding the appointed day.

During Scrutiny of record it was observed that M/s Perfect Art was registered as a composite dealer in VAT regime. Hence, dealer was eligible to carry forward inputs held in Stock & Inputs contained in Semi-finished or Finished Goods held in stock under prescribed conditions. Such dealers being composition dealers (fixed rate), were not supposed to hold any Input Tax Credit in VAT regime & due to this it was not possible to carry forward any balance of ITC of VAT to GST regime as transitional credit. Said dealer was only entitled to carry forward its balance stock under Table 7C. However, the dealer in his TRAN-01 form claimed, balance ITC of Rs. 23,00,042/- under Table 5C.

In his way the dealer got credit of Rs. 23,00,042/- in his ECL on 27.12.2017 which was irregular as per Act.

Allowing irregular carried forward of ITC in TRAN-01 & Non-verification of actual entitlement of transitional credit resulted in irregular/excess carried forward of ITC. Matter has brought to the notice of assessing authority for taking action as per the

provision of act, for recovery of ITC amount along with interest i.e. Rs. 40,99,746/- {Rs. 23,00,042/- & Interest Rs. 17,99,704/-}.

### Reply

In response to the audit objection, it is submitted that the taxpayer claimed excess of TRAN-1 of Rs. 2300042/-. Thereafter, DRC07 issued No. ZD061023007309V date 11.10.2023 for total demand of Rs.4945090/- (Tax of Rs. 2300042/- Interest of Rs. 2415044/- & Penalty of Rs. 230004/-). Recovery proceedings will be initiated under section 79 after 90 days as prescribed in GST Act 2017. Copy of DRC 07 attached for your reference.

Para No.	:	2.11.8.3.3
Sr. No. as per CAG Report	:	1
Name of Firm	:	M/s Perfect Arts
GSTIN	:	06AALFP6576F1ZV
A.Y.	:	2017-18

### Audit Objection :-

As per provision of Section 140 of CGST Act, 2017 a registered person, who was either paying tax at a fixed rate or paying a fixed amount in lieu of the tax payable under the existing law shall be entitled to take, in his electronic credit ledger, credit of value added tax in respect of inputs held in stock & inputs contained in semi-finished or finished goods held in stock on the appointed day subject to the following conditions, namely: -

- (i) such inputs or goods are used or intended to be used for making taxable supplies under this Act;
- (ii) the said registered person is not paying tax under section 10;
- (iii) the said registered person is eligible for input tax credit on such inputs under this Act;
- (iv) the said registered person is in possession of invoice or other prescribed documents evidencing payment of tax under the existing law in respect of inputs; and
- (v) such invoices or other prescribed documents were issued not earlier than twelve months immediately preceding the appointed day.

During Scrutiny of record it was observed that M/s Perfect Art was registered as a composite dealer in VAT regime. Hence, dealer was eligible to carry forward inputs held in Stock & Inputs contained in Semi-finished or Finished Goods held in stock under prescribed conditions. Such dealers being composition dealers (fixed rate), were not supposed to hold any Input Tax Credit in VAT regime & due to this it was not possible to carry forward any balance of ITC of VAT to GST regime as transitional credit. Said dealer was only entitled to carry forward its balance stock under Table 7C. However, the dealer in his TRAN-01 form claimed, balance ITC of Rs. 23,00,042/- under Table 5C.

In his way the dealer got credit of Rs. 23,00,042/- in his ECL on 27.12.2017 which was irregular as per Act.

Allowing irregular carried forward of ITC in TRAN-01 & Non-verification of actual entitlement of transitional credit resulted in irregular/excess carried forward of ITC. Matter has brought to the notice of assessing authority for taking action as per the provision of act, for recovery of ITC amount along with interest i.e. Rs. 40,99,746/- {Rs. 23,00,042/- & Interest Rs. 17,99,704/-}.

### Reply

In response to the audit objection, it is submitted that the taxpayer claimed excess of TRAN-1 of Rs. 2300042/-. Thereafter, DRC07 issued No. ZD061023007309V date 11.10.2023 for total demand of Rs.4945090/- (Tax of Rs. 2300042/- Interest of Rs. 2415044/- & Penalty of Rs. 230004/-). Recovery proceedings will be initiated under section 79 after 90 days as prescribed in GST Act 2017. Copy of DRC 07 attached for your reference.

***The Committee has desired that the outcome of the cases pending for decision be intimated to the Committee and recovery be expedited meticulously under intimation of the Committee.***

### **[15] 2.11.8.3.4 Allowance of excess transitional credit: Non adjustment of pending/awaited statutory forms:**

Under the Central Sales Tax Act, 1956 (CST Act) and the rules framed thereunder, the dealers are eligible for certain exemptions/concessions of tax on inter-State sale/transaction to the registered dealers, transfer of goods to branches/agents and on export/import of goods out of/into the territory of India on the strength of prescribed declaration in forms C<sup>34</sup>, F<sup>35</sup> and H<sup>36</sup> along-with supporting certificates and documents as provided under Sections 5 (3), 6 (2), 6, 6 A, 8 (3) and 8 (8) of CST Act.

As per provisions of TRAN-1 return if the taxpayers have any pending statutory forms (C/F/H/I), then, they were required to pay the differential tax and were not eligible for concessional rate of tax. Such differential tax payable was to be deducted from the input tax credit balance available in the last return filed by them and the remaining credit will be carried forward under GST Regime. Section 140 (1) of HGST Act, also provides that so much of the credit as is attributable to any claim related to section 3, sub-section (3) of section 5, section 6, section 6A or sub-section (8) of section 8 of the Central Sales Tax Act, 1956 which is not substantiated in the manner, shall not be eligible to be credited to the electronic credit ledger.

A taxable person who makes an undue or excess claim of ITC under 50(3) of HGST Act, 2017 read with sub-section (10) of Section 42 or undue or excess reduction in output tax liability under sub-section (10) of Section 43, shall pay interest on such undue or excess claim or on such undue or excess reduction, as the case may be at such rate not exceeding 24 percent p.a., as may be notified by the Government on the recommendations of the Council.

Scrutiny of records of the office of 27 DETCs, in six DETCs (ST) revealed that out of 750 cases, taxpayers neither submitted statutory forms for concessional rate nor shown pending forms in 21 cases in Col 5 (b) and (c) of TRAN-1 return. As such, ITC forwarded through TRAN-1 for awaited/ pending forms resulted in excess carry forward of ITC in ₹ 4.96 crore in TRAN-1. This resulted in excess carried forward of VAT credit/transitional credit of ₹ 4.96 crore in ECL. Interest was also leviable as per Act.

The Department stated in the Exit Conference held in March 2022 and in response in April 2022 that an amount of ₹ 14,983 had been recovered in one case of DETC Panchkula and in remaining cases action had been initiated to recover the outstanding amount.

The average allowance of transitional credit without supporting statutory forms was ₹ 23.64 lakh whereas the median value was ₹ 1.25 lakh.

**The department in its written reply stated that as under:-**

**CAG Report 2020-21**

Para No.	:	8.3.4 (a)
Sr. No. as per CAG Report	:	08
Name of Firm	:	Sanjeev Scientific udyog
GSTIN	:	06AVYPK2228H1ZA
A.Y.	:	2017-18

**Audit Objection**

**Allowance of excess Transitional credit: Non Adjustment of pending statutory forms.**

During the scrutiny of the case file it was noticed that the taxpayer neither submitted statutory forms for concessional rate nor shown pending forms in Col 5(b) and (c) of TRAN-1 return. As such, ITC forwarded to TRAN-1 for awaited/pending forms resulted in excess carry forward of ITC in Rs. 413192/- in TRAN-1. Thus, this resulted in excess carry forward of VAT credit/transitional credit in electronic cash ledger (E.C.L.).

Matter has been brought to the notice of Assessing Authority for taking action as per provision of the Act, for recovery of ITC amount alongwith Interest.

ITC Available after VAT Adjustment	Turnover for which Forms pending	Liability against pending forms	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	Interest	Total
413192	1743505	66783	413727	388441	92069	72465	164534

**Reply**

Please refer to earlier reply of this office with respect to present para. In continuation of the same it is submitted that para is admitted. The taxpayer deals in INSTRUMENTS AND APPLIANCES USED IN MEDICAL, SURGICAL, DENTAL OR VETERINARY SCIENCES, INCLUDING SCIENTIGRAPHIC APPARATUS and presently is active. As per Audit observation the taxpayer has availed excess ITC of Rs92069/- during the year 2017-18 which is to be deposited along with interest 72465/- on account of pending/ awaited statutory forms. This demand has been uploaded by issuing demand notice in form DRC-01 on common portal and finally Demand order in form DRC07 is issued (copy enclosed). Recovery proceedings initiated by writing Letters to Tehsildar, Estate Officer HSVP and Chief Executive officer Municipal

Corporation, dated 17.10.2023, for attachment of property in the name of taxpayer.

Therefore it is requested that this para may be settled.

#### **CAG Report 2020-21**

Para No. : 8.3.4 (a)  
 Sr. No. as per CAG Report : 07  
 Name of Firm : Laboratory Equipment  
 GSTIN : 06AACFL5124A1Z0  
 A.Y. : 2017-18

#### **Audit Objection**

##### **Allowance of excess Transitional credit: Non Adjustment of pending statutory forms.**

During the scrutiny of the case file it was noticed that the taxpayer neither submitted statutory forms for concessional rate nor shown pending forms in Col 5(b) and (c) of TRAN-1 return. As such, ITC forwarded to TRAN-1 for awaited/pending forms resulted in excess carry forward of ITC in Rs. 432310/-. In TRAN-1. Thus, this resulted in excess carry forward of VAT credit/transitional credit in electronic cash ledger (E.C.L.).

Matter has been brought to the notice of Assessing Authority for taking action as per provision of the Act, for recovery of ITC amount along with Interest.

ITC Available after VAT Adjustment	Turnover for which Forms pending	Liability against pending forms	Amount carried forward in TRAN-1	Eligible ITC	Excess ITC claimed	Interest	Total
432310	1129710	35562	409062	408562	36062	30257	66319

#### **Reply**

Please refer to earlier reply of this office with respect to present para. In continuation of the same it is submitted that para is admitted. The taxpayer deals in INSTRUMENTS AND APPLIANCES USED IN MEDICAL, SURGICAL, DENTAL OR VETERINARY SCIENCES, INCLUDING SCIENTIGRAPHIC APPARATUS and presently is active. As per Audit observation the taxpayer has availed excess ITC of Rs. 36062/- during the year 2017-18 which is to be deposited along with interest 30257/- on account of pending/ awaited statutory forms. This demand has been uploaded by issuing demand notice in form DRC-01 on common portal and finally Demand order in form DRC07 is issued (copy enclosed). Recovery proceedings initiated by writing Letters to Tehsildar, Estate Officer HSVP and Chief Executive officer Municipal Corporation, dated 17.10.2023, for attachment of property in the name of taxpayer.

Therefore it is requested that this para may be settled.

***The Committee has desired that the recovery be expedited vigorously under intimation of the Committee***



### [16] 3.2 Results of audit:

Test check of the records of 29 out of 106 units of the State Excise Department during 2020-21 highlighted non/short realisation of excise duty/license fee/interest/penalty and other irregularities involving ₹ 189.85 crore (3.00 *per cent* of receipt of ₹ 6,322.70 crore for 2019-20) in 208 cases which fall under the categories depicted in Table 3.1.

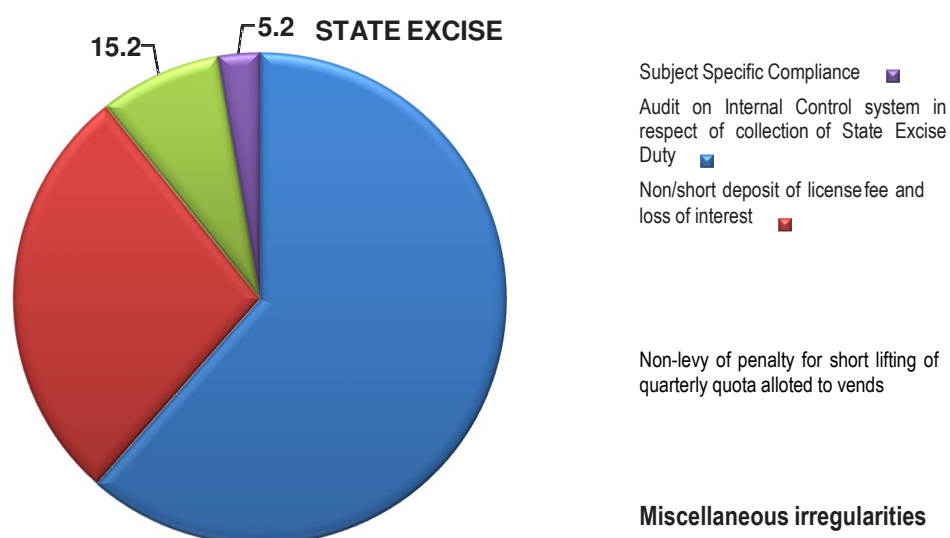
**Table 3.1 – Results of audit**

Sr. No.	Categories	Number of cases	Amount (₹ in crore)
1.	Subject Specific Compliance Audit on Internal Control system in respect of collection of State Excise Duty	1	116.76
2.	Non/short deposit of license fee and loss of interest	114	52.69
3.	Non-levy of penalty for short lifting of quarterly quota allotted to vends	64	15.20
4.	Miscellaneous irregularities	29	5.20
	<b>Total</b>	<b>208</b>	<b>189.85</b>

**Source: Data compiled by office**

Chart 3.1 Results of audit

(₹ in crore)



**Source: Data compiled by office**

The Department accepted under-assessment and other deficiencies amounting to ₹ 72.61 crore involved in 203 cases pointed out during the year. The Department recovered ₹ 2.22 crore involved in 16 cases out of which ₹ 1.65 crore recovered in six cases pertained to the year and rest to earlier years.

Significant cases involving ₹ 123.32 crore are discussed in the following paragraphs.

**The department in its written reply stated that as under: -**

In reply to audit observations that out of 208 cases recovery of Rs. 4495.67 lacs (44.96 crore) has been made in 54 cases and Rs. 14489.33 (144.89 crore) is recoverable in 154 cases, the summary of the cases of Para 3.2 (Result of Audit) is as under:-

**SUMMARY (PARA 3.2)**

Sr. no.	Categories	Number of Cases	Amount	Recovered (In Lakhs)		Balance (In Lakhs)	
				No. of cases	Amount	No of cases	Amount
1.	Subject Specific Compliance Audit on Internal Control system in respect of collection of State Excise Duty	1	11676.00	0	2502.70	1	9173.30
2.	Non/short deposit of license fee and loss of interest	114	5268.87	21	1312.36	93	3956.51
3.	Non levy of penalty for short lifting of quarterly quota allotted to vends	64	1520.13	12	370.00	52	1150.13
4.	Miscellaneous irregularities	29	520.00	21	310.61	8	209.39
		<b>208</b>	<b>18985.00</b>	<b>54</b>	<b>4495.67</b>	<b>154</b>	<b>14489.33</b>

**(1) SUBJECT SPECIFIC COMPLIANCE AUDIT ON INTERNAL CONTROL SYSTEM IN RESPECT OF COLLECTION OF STATE EXCISE DUTY.**

The detail with respect to Subject Specific Compliance Audit on Internal Control system in respect of collection of State Excise Duty in one case amounting to Rs. 11676.00 lakhs (116.76 crores) is mentioned in the ensuing Para (3.4.5.1 (i) (ii), 3.4.6.1 (i), 3.4.6.1 (ii), 3.4.6.1 (iii), 3.4.6.1 (iv), 3.4.6.1 (v), 3.4.6.2, 3.4.6.3, 3.4.7. 1(iii), 3.4.7.2 (i) 3.4.7.3 (ii) and 3.4.7.5.

**(2) NON/SHORT DEPOSIT OF LICENSE FEE AND LOSS OF INTEREST.**

With respect to non/short deposit of license fee and loss of interest, the total number of cases reported by Audit are 114 amounting Rs. 5268.87 lakhs (52.69 crores). Out of which an amount of 1312.36 lakhs (13.12 crore) in 21 cases have been recovered. It is further submitted that as per report received by District office Ambala total number of cases involved in this para are 15 amounting Rs. 2,26,44, 892/- instead of 14 cases amounting Rs. 2,26,64,892/- (as per audit) (difference of Rs. 20,000/-). As per report received from district office Panchkula, there are 04 cases involved in this para amounting Rs.13253870/- instead of Rs. 13428491/- (04 cases) (As per Audit report).

**(3) NON LEVY OF PENALTY FOR SHORT LIFTING OF QUARTERLY QUOTA ALLOTTED TO VENDS**

With respect to non levy of penalty for short lifting of quarterly quota allotted to vends, the total number of cases reported by Audit are 64 amounting Rs. 1520.13 lakhs (15.20 crores). Out of which an amount of 370.00 lakhs (3.70 crore) in 12 cases have been recovered. It is further submitted that as per report received by District office Karnal total number of cases involved in this para are 13 instead of 14 cases (as per audit) but amount involved in these cases is same.

**(4) MISCELLANEOUS IRREGULARITIES**

With respect to miscellaneous irregularities, the total number of cases reported by Audit are 29 amounting Rs. 520.00 lakhs (5.20 crore). Out of which 12 cases are related to short recovery of stock transfer fee amounting Rs. 227.00 lakhs (2.27 crore) out of which 78.22 lakhs has been recovered in 06 cases. 01 case is related to Excise and Taxation Commissioner's office with NIL amount. Remaining 16 cases are related to other Excise Units amounting Rs. 293.00 lakhs (2.93 crore) related to distilleries. Out of 16 cases Rs. 232.39 lakhs (2.32 crore) has been recovered.

The details district wise of Para No. 3.2 (2), 3.2 (3), & 3.2 (4) are as under: -

PARA No. 3.2 (2), 3.2 (3) & 3.2 (4)										
Sr. No	Name of DETC (Excise)	Non/ Short recovery of monthly installment and interest		Non Levy of penalty for short lifting of quarterly quota		Short recovery of stock transfer fee		Miscellaneous irregularities		Total
		1		2		3		4		5
		Cases	Amount (In Lakhs)	Cases	Amount (In Lakhs)	Cases	Amount (In Lakhs)	Cases	Amount (In Lakhs)	Amount (In Lakhs)
1	Kaithal	8	537.8	4	445.58	2	34.49	0	0	1017.87
2	Kurukshetra	11	61.5	10	244.7	3	10.12	0	0	316.32
3	Karnal	40	2366.95	14	91.32	4	162.00	5	127.31	2747.58
4	Ambala	24	796.8	15	343.67	3	20.18	8	143.05	1303.7
5	Panchkula	5	280.88	7	102.93	0	0	2	3.76	387.57
6	Jagadhari	26	1224.94	14	291.93	0	0	1	19.34	1536.21
7	ETC, PKL	0	0	0	0	0	0	1	0	0
	<b>Total</b>	<b>114</b>	<b>5268.87</b>	<b>64</b>	<b>1520.13</b>	<b>12</b>	<b>226.79</b>	<b>17</b>	<b>293.46</b>	<b>7309.25</b>
<b>TOTAL CASES</b>		<b>114+64+12+17=207</b>								
<b>TOTAL AMOUNT</b>		<b>7309.25 Lakhs</b>								

One case of Subject Specific Compliance Audit on internal control system in respect of Collection of State Excise Duty. Amounting Rs. 11676.00 lakhs. Gross Total Rs. 11676.00 + 7309.25 = 18985.25 lakhs.

RECOVERY POSITION							
Sr. No	Category	Total Cases	Total Amount (In Lakhs)	Recovered Cases	Recovered Amount (In Lakhs)	Pending Cases	Pending Amount (In Lakhs)
1	Non/ Short recovery of monthly instalment and interest	114	5268.87	21	1312.35	93	3956.52
2	Non Levy of penalty for short lifting of quarterly quota	64	1520.13	12	369.993	52	1150.137
3	Short recovery of stock transfer fee	12	226.79	6	78.22	6	148.57
4	Miscellaneous irregularities	17	293.46	15	232.39	2	61.07
	<b>Total</b>	<b>207</b>	<b>7309.25</b>	<b>54</b>	<b>1992.953</b>	<b>153</b>	<b>5316.297</b>

**The Committee has desired that sincere and pragmatic efforts be made to expedite the recovery under intimation of the Committee.**

**[17] 3.3 Non/short recovery of license fee and interest:**

Deputy Excise and Taxation Commissioners (Excise), neither initiated any action to seal the vends for non-deposit of monthly instalment of license fee in time, nor levied interest, resulting in short levy of license fee and interest for delayed payment of license fee of ₹ 6.56 crore.

Para 6.4 of the State Excise Policy for the years 2018-19 and 2019-20 stipulated that every licensee holding a license for retail outlets of Indian Made Foreign Liquor (IMFL) and Country Liquor (CL), had to make payment of monthly instalment of license fee by 20<sup>th</sup> of each month. Failure to do so rendered the licensee liable to pay interest at the rate of 18 *per cent per annum* for the period from the first of the month in which the license fee was due, to the date of payment of the instalment. Further, as per Para 6.5 of the State Excise policy, if the licensee failed to deposit the monthly instalment in full along with interest by the end of the month, the zone of the vends were to be sealed on the first day of the following month by DETC (Excise) of the respective district and his license would be cancelled.

**A.** Scrutiny of the records (November 2019) of DETC (Excise) Karnal for the year 2018-19 revealed that one vend out of 22 vends for sale of IMFL and CL were allotted to licensees for ₹ 4.76 crore. The licensee had paid license fee of only ₹ 4.09 crore and the balance license fee of ₹ 0.67 crore was yet to be deposited by the licensees. This resulted in short recovery of license fee of ₹ 0.67 crore. In addition, interest of ₹ 0.28 crore was also leviable. The DETC (Excise) did not initiate any action to seal the zone of vends who failed to pay the license fee.

On this being pointed out, DETC (Excise) Karnal intimated (February 2022) that an amount of ₹ 0.14 crore had been recovered/adjusted from the security and recovery proceeding/notice had been initiated to recover the balance amount against the defaulter.

**B.** Scrutiny of the records (between November 2019 and August 2020) of M-2<sup>1</sup> register, prescribed for watching of payment of license fee of DETCs (Excise) Karnal, Kaithal and Panipat for the years 2018-19 and 2019-20 revealed that 30 out of 62 zones

had paid the monthly instalments of license fee amounting to ₹ 164.86 crore after the prescribed due date with delays ranging between 21 to 180 days. The DETCs (Excise) did not initiate any action to seal the zone of vends and to levy interest for delayed payment of the license fee. This resulted in non-levy of interest of ₹ 5.61 crore.

On this being pointed out, DETC Panipat intimated (February 2022) that an amount of ₹ 7.13 lakh had been adjusted from refundable additional security. DETC Karnal and Kaithal stated (February 2022) that recovery proceedings had been initiated against the defaulters and arrears had been declared as arrears of land revenue in 21 cases of Karnal and all cases of Kaithal.

During exit conference held in March 2022, the Department admitted the audit observations.

The Department may consider developing and implementing an IT application with features of calculation of interest in late payment cases as well as monitoring provisions against business rules to enable recovery and monitoring.

**The department in its written reply stated that as under: -**

#### **Audit Objection**

3.3 Para 6.4 of the State Excise Policy for the years 2018-19 and 2019-20 stipulated that every license holding a license for retail outlets of Indian Made Foreign Liquor (IMFL) and Country Liquor (CL), had to make payment of monthly instalment of license fee by 20<sup>th</sup> of each month. Failure to do so rendered the licensee liable to pay interest at the rate of 8 per cent per annum for the period from the first of the month in which the license fee was due, to the date of payment of the installment. Further, as per Para 6.5 of the State Excise Policy, if the licensee failed to deposit the monthly instalment in full alongwith interest by the end of the month, the zone of the vends were to be sealed on the first day of the following month DETC (Excise) of the respective district and his license would be cancelled.

3.3(A) Scrutiny of records (November 2019) of the DETC (Excise) Karnal for the year 2018-19 revealed that one vend out of 22 vends for sale of IMFL and CL were allotted to licensees for Rs. 4.76 crore. The licensee had paid license fee of only Rs. 4.09 crore and the balance license fee of Rs. 0.67 crore was yet to be deposited by the licensees. This resulted in short recovery of license fee of Rs. 0.67 crore. In addition, interest of Rs. 0.28 crore was also leviable. The DETC (Excise) did not initiate any action to seal the zone of vends who failed to pay the license fee.

On this being pointed out, DETC (Excise) Karnal intimated (February 2022) that an amount of Rs. 0.14 crore had been recovered/adjusted from the security and recovery proceeding/notice had been initiated to recover the balance amount against the defaulter.

**3.3 (B)** Scrutiny of the records (between November 2019 and August 2020) of M-2 register, prescribed for watching of payment of license fee of DETCs (Excise) Karnal, Kaithal and Panipat for the year 2018-19 and 2019-20 revealed that 30 out of 62 zones had paid the monthly instalments of license fee amount to Rs. 164.86 crore after the prescribed due date with delays ranging between 21 to 180 days. The DETCs (Excise) did not initiate any action to seal the zone of vends and to levy interest for delayed payment of the license fee. This resulted in non-levy of interest of Rs. 5.61 crore.

On this being pointed out, DETC Panipat intimated (February 2022) that an amount of Rs. 7.13 Lakh had been adjusted from refundable additional security. DETC Karnal and Kaithal stated (February 2022) that recovery proceedings had been initiated against the defaulters and arrears had been declared as arrears of land revenue in 21 cases of Karnal and all cases of Kaithal.

#### DEPARTMENT REPLY

It is submitted that in Para No. 3.3 A (Non/Short recovery of license fee and interest), there is one case in district Karnal.

Sr. No.	Name of District	Para No.	Cases	Amount as per Audit (in Lakh)	Amount as per district (In Lakh)	Recover Amount (In lakh)	Balance Amount (In Lakh)
1.	Karnal	3.3.A	01	9490838	9490838/-	2099777/-	7391061/-

The audit team has pointed out on-payment of license fee and interest of Rs. 9490838/- (License fee Rs. 6724924/- and interest Rs. 2765914/-). The audit has earlier pointed out interest of Rs. 1070626/- which has been revised to Rs. 2765914/-. In this regard it is submitted that Ex-licensee i.e. Sh. Karnail Singh, Prop. Of M/s Sansar Wines, Karnal Zone ZKNL01 has defaulted in payment of Licensee fee during the year 2018-19. Recovery proceedings have been initiated against the Ex-Licennsee and notices issued to the defaulter but he failed to deposit the arrears. Hence, the arrears have been declared under the Punjab Land Revenue Act, 1887 vide order of DETC dated 17.01.2023, Rs. 2099777/- has been recovered from the defaulter so far. The details of amount recovered from the Ex-licensee is as under:-

Rs. 1427730/- adjustment vide order of DETC dated 18.01.2021.

Rs. 672047/- adjusted vide order of DETC dated 14.12.2022.

Rs. 2099777/- (Total Recovery)

Rs. 7391061/- (Balance)

#### PARA NO 3.3 B NON/SHORT RECOVER OF INTEREST

It is submitted that in Para 3.3 B (Non/Short recovery of interest), there are total 30 cases in three districts i.e. Karnal, Kaithal and Panipat.

The summary of Para 3.3 B is mentioned below: -

#### SUMMARY PARA 3.3.B

Sr. No.	Name of District	Para No.	Cases	Amount as per Audit (in Lakh)	Amount as per district (In Lakh)	Recover Amount (In lakh)	Balance Amount (In Lakh)
1.	Karnal	3.3.B	25	353.29	353.29	0.50	352.79
2.	Kaithal	3.3.B	4	208.91	208.91	137.97	70.94
3.	Panipat	3.3.B	1	7.13	7.14	7.14	0
<b>TOTAL</b>			<b>30</b>	<b>569.33</b>	<b>569.34</b>	<b>145.61</b>	<b>423.73</b>

**Note:-** Sr. No. 2 Kaithal 3 case has been dropped on dated 24.01.2024

Sr. No. 3 Panipat 1 case has been dropped on dated 24.01.2024

**The Committee has desired that sincere and pragmatic efforts be made to expedite the recovery under intimation of the Committee.**

**[18] 3.4.4.1 Non-adherence of provisions of Excise policy:**

Various preventive measures such as Quick response, Code based track and trace system of Hologram, CCTV Cameras, transit slips, Flow meters etc. were prescribed in the Excise policy for safeguarding against spurious and adulterated liquor, effective assessment and monitoring the quantity of Extra Neutral Alcohol (ENA) produced. Audit noticed gaps in implementation of these measures as detailed below:

**(ii) Non-reconciliation of Paper Holograms**

After printing of paper holograms in the Security Printing and Minting Corporation of India Limited (SPMCIL), Hyderabad, the holograms are issued to the various DETCs to be used at the distilleries under their jurisdiction. As per agreement for printing of holograms, it was noticed that 10-digit numbers are being generated through electronic mode by the agency i.e. the Security Printing and Minting Corporation of India Limited (SPMCIL), Hyderabad which are then printed on the Hologram. This 10-digit number forms the basis for recognizing the liquor in the supply chain. However, this system lacks tracking ability. The DETCs issue these holograms to the distilleries through the staff of the Department, posted at the distilleries. The distillery affixes these holograms on the bottles of CL and IMFL manufactured by the distillery. The record of the holograms issued is maintained at different levels by various authorities including the Assistant Excise and Taxation Officer (AETO)/Excise Inspector (EI) at the distillery, DETC at district level and ETC at State level.

Audit noticed (September 2021) that no mechanism was devised to periodically reconcile the records relating to issue of holograms to various distilleries. In M/s Piccadilly Agro Industries Ltd, Karnal it was noticed that there existed a significant difference in the quantity of holograms issued to the distillery and stock of holograms taken in hologram register by the distillery for the period 2019-21 as detailed in the Table 2 below:

**Table 2: Difference in quantity of holograms issued and stock of holograms**

Year	Hologram issued ETC/DETC Karnal	Holograms as per stock register of Distillery	Difference
2019-20	6,41,25,000	6,26,05,000	15,20,000
2020-21	9,81,56,494	9,42,06,494	39,50,000
<b>Total</b>	<b>16,22,81,494</b>	<b>15,68,11,494</b>	<b>54,70,000</b>

**Source: Compiled from Departmental records**

Absence of any reconciliation mechanism was responsible for such a situation and the possibility of misutilisation of these 54,70,000 holograms could not be ruled out.

The officer-in-charge of M/s Piccadilly Ltd. stated (12 March 2022) that the reconciliation of hologram was being done and final outcome would be intimated to audit in due course.

**(i) Absence of Flow Meters in the distilleries**

The Excise Policy of 2020-21 mandated that in order to effectively assess and monitor the quantity of ENA produced and utilised by the distilleries, flow meters<sup>5</sup> were to be installed in all the distilleries in the State by the Department, in the manner prescribed. Audit observed that despite there being policy decision to install flow meters, the same was not implemented as on date of audit. Instead, quantity of ENA produced and utilised by the distilleries was monitored manually. Thus, the objective of introduction of flow meters in the policies could not be achieved.

On being pointed out, the Department stated that the tender of installations of flow meters in the distilleries is in process and modalities were being finalised (July 2021).

**(ii) Non-issuance of transit slips**

As per the Excise policies of 2019-20 and 2020-21, transit slips were required to be issued in order to keep control over the vehicles carrying liquor for other States / Union Territory through the State of Haryana. Further, transit slips were to be carried in such cases so that liquor meant for other States is not unloaded in the State of Haryana.

Audit observed that the Department had not taken any steps to implement this provision of transit slips, which is a mandatory requirement to exercise/check over the vehicles carrying liquor for other States through the State of Haryana. The department was unaware about the vehicles carrying liquor for other States/UTs and passing through the State of Haryana.

Thus, non-adherence of prescribed preventive measures of safeguard against spurious and adulterated liquor defeated the purpose of provisions of Policy.

**The department in its written reply stated that as under: -**

**Non-adherence of provisions of Excise Policy.**

Various preventive measures such as Quick response, Code based track and trace system of Hologram. CCTV Cameras, transit slips, Flow meters etc. were prescribed in the Excise policy for safeguarding against spurious and adulterated liquor, effective assessment and monitoring the quantity of Extra Neutral Alcohol (ENA) produced. Audit noticed gaps in implementation of these measures as detailed below:

**(ii) Non-reconciliation of Paper Holograms.**

After printing of paper holograms in the Security Printing and Minting Corporation of India Limited (SPMCIL), Hyderabad, the holograms are issued to the various DETCs to be used at the distilleries under their jurisdiction. As per agreement for printing of holograms, it was noticed that 10-digit numbers are being generated through electronic mode by the agency i.e. the Security Printing and Minting Corporation of India Limited (SPMCIL), Hyderabad which are then printed on the Hologram. This 10-digit number forms the basis for recognizing the liquor in the supply chain. However, this system lacks tracking ability. The DETCs issue these holograms to the distilleries through the staff of the Department posted at the distilleries. The distillery affixes these holograms on the bottles of CL and IMOL manufactured by the distillery. The record of the holograms issued is maintained at different levels by various authorities including the Assistant Excise and Taxation Officer (AETO)/Extse Inspector (EI) at the distillery. DETC at district level and ETC at State level.



Audit noticed (September 2021) that no mechanism was devised to periodically reconcile the records relating to issue of holograms to various distilleries. In M/s Piccadily Agro Industries Ltd. Karnal it was noticed that there existed a significant difference in the quantity of holograms issued to the distillery and stock of holograms taken in hologram register by the distillery for the period 2019-21 as detailed in the Table 2 below:

**Table 2: Difference in quantity of holograms issued and stock of hologram.**

Year	Hologram issued by Excise and Taxation Commissioner/DETC Karnal	Holograms as per stock register of Distillery	Difference
2019-20	6,41,25,000	6,26,05,000	15,20,000
2020-21	9,81, 56, 494	9,42,06,494	39,50,000
<b>Total</b>	<b>16,12, 81,494</b>	<b>15,68, 11, 494</b>	<b>54, 70, 000</b>

Absence of any reconciliation mechanism was responsible for such a situation and the possibility of misutilisation of these 54,70,000 holograms could not be ruled out.

The officer-in-charge of M/s Piccadily Ltd. stated (12 March 2022) that the reconciliation of hologram was being done and final outcome would be intimated to audit in due course.

Reply of the Department.

In this regard, the authorized signatory of M/s Piccadily Agro Industries Ltd., Karnal has submitted that they have utilized 6,41,25,000 holograms and 9,81,56,494 holograms in the year 2019-20 and 2020-21 respectively which have been issued by the Excise office Karnal as per their stock register. The same has been verified from the register maintained by the Distillery by the Excise Officer Incharge. No difference was found. Hence, there is no difference in receipt and issue of holograms of M/s Piccadily Agro Industries Ltd., Karnal. **Therefore, the para may please be dropped.**

#### AUDIT OBSERVATION

##### (iv) **Absence of Flow Meters in the distilleries**

The Excise Policy of 2020-21 mandated that in order to effectively assess and monitor the quantity of ENA produced and utilised by the distilleries, flow meters were to be installed in all the distilleries in the State by the Department. in the manner prescribed. Audit observed that despite there being policy decision to install flow meters, the same was not implemented as on date of audit. Instead, quantity of ENA produced and utilised by the distilleries was monitored manually. Thus, the objective of introduction of flow meters in the policies could not be achieved.

On being pointed out, the Department stated that the tender of installations of flow meters in the distilleries is in process and modalities were being finalised (July 2021).

#### REPLY OF THE DEPARTMENT: FLOW METERS

The installation of flow meters has been made mandatory in the distilleries as well as bottling plants in the State. Necessary amendment in the distillery Rules have already been made and necessary instructions have been issued.

## AUDIT OBSERVATION

### (v) Non-issuance of transit slips

As per the Excise policies of 2019-20 and 2020-21, transit slips were required to be issued in order to keep control over the vehicles carrying liquor for other States / Union Territory through the State of Haryana. Further, transit slips were to be carried in such cases so that liquor meant for other States is not unloaded in the State of Haryana.

Audit observed that the Department had not taken any steps to implement this provision of transit slips, which is a mandatory requirement to exercise/check over the vehicles carrying liquor for other States through the State of Haryana.

The department was unaware about the vehicles carrying liquor for other States/UTs and passing through the State of Haryana. Thus, non-adherence of prescribed preventive measures of safeguard against spurious and adulterated liquor defeated the purpose of provisions of Policy.

#### REPLY OF THE DEPARTMENT: TRANSIT SLIPS:

In this regard the department has constituted a committee to examine the modalities of introduction of E-transit slip system in the State. The committee has submitted its report and proposal has already been sent to the Government.

**The Committee has desired that all appropriate measures be taken at the earliest and recovery be expedited, under intimation of the Committee.**

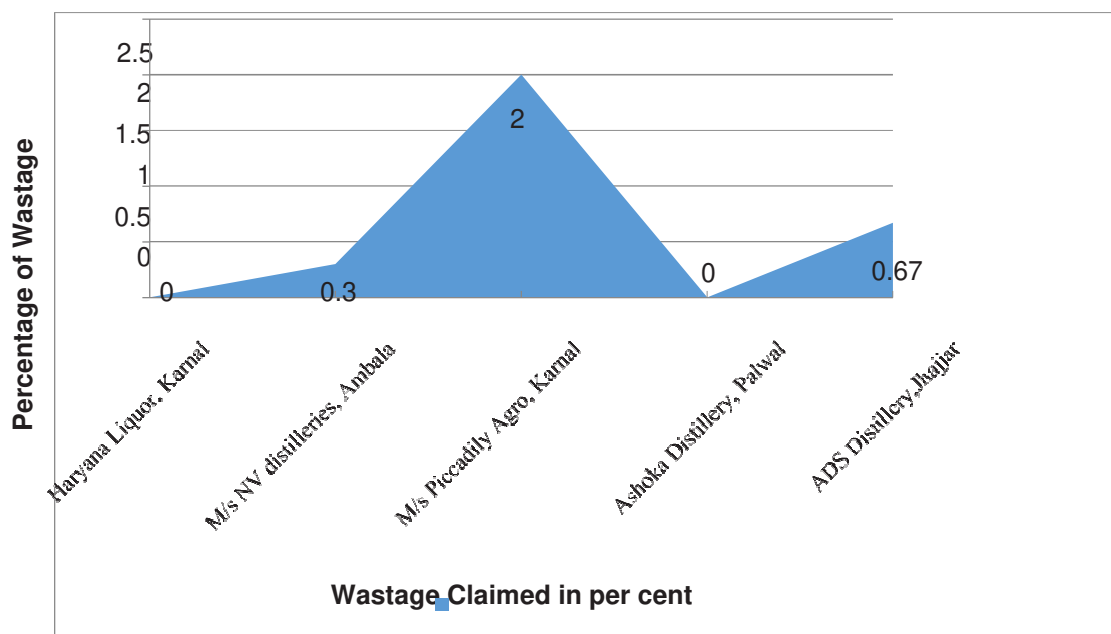
#### [19] 3.4.4.2 Non-fixing of yield of alcohol from grains:

Sources for production of alcohol includes grains and fruits. States like Rajasthan and Andhra Pradesh had prescribed norms for preparation of alcohol from grains.

It was seen that the Punjab Distillery Rules, 1932 as applicable to the State of Haryana, provide for a minimum yield of 52.5 litre of alcohol per quintal of fermentable sugar present in the molasses but the State did not prescribe norms for preparation of alcohol from grains.

During scrutiny of records of ETC Panchkula for the period 2020-21, it was noticed that in the absence of any norms of production of alcohol from grain, minimum yield figures would vary across the distilleries. The distilleries claim a component of 'wastage' during the process of production of alcohol on the grounds of impurities/waste material in the raw inputs for alcohol *i.e.* the grains. This wastage is then subtracted from the total quantity of grains to arrive at the yield figures. Absence of any norms/SOP on the wastage component or grain yield leads to arbitrary claims on account of wastage, which also impacts the revenue as the same is dependent on quantity of alcohol produced.

The Comparison of wastage claimed and alcohol yield against the same in five test-checked distilleries for the years 2019-20 and 2020-21 are depicted in **Chart 1** as under:

**Chart 1: Wastage of grain claimed by test checked distilleries**

As can be seen from the chart, the wastage claimed by various distilleries ranged from zero to two *per cent*. In the absence of norms, the distilleries were claiming arbitrary wastage. It had financial implications for the state in cases of distilleries claiming higher wastage. The department stated (July 2021) that matter of fixation of norms would be investigated

**The department in its written reply stated that as under: -**

**Reply of the Department: Non fixing of norms for yield of alcohol from grains**

Regarding fixing the norms of yield of alcohol from grains, a committee was constituted who has submitted its report. The report of the Committee is under examination and in this regard to seek expert opinion, senior professors of IIT Ropar were contacted to conduct a study regarding yield of alcohol from grains so that norms for the same can be fixed. Norms regarding yield of alcohol from grains will be fixed after studying the report of the Committee and opinion of the experts.

**After hearing the departmental representatives, the Committee has recommended the department to fix the norms for yield of alcohol from grains within a period of six months under intimation of the Committee.**

[20] 3.4.5.1 **Non adherence to codal provisions:**

(i) **Sale of liquor without chemical examination certificate:**

In order to ensure that the liquor is fit for human consumption, Rule 17 of Punjab Distilleries Rules, 1932 (as applicable to State of Haryana) stipulates that the licensee shall, when required, permit samples of materials used or spirit prepared in the distillery to be taken for analysis.

Scrutiny of the records of five distilleries for the period 2019-21 revealed that 10,279 samples of CL and IMFL were sent to Chemical examiners for analysis. In respect of four distilleries for 9,194 samples, the Chemical examiners sent their report after 28 to 312 days of receiving the sample from Officer-in-charge of the distillery as detailed in Table 3 below:

**Table 3: Samples sent for Chemical examination from five distilleries in 2019-21**

Sr. No	Name of distilleries	No. of samples sent for examination	Days after which Samples were received from Examiner	Quantity of liquor (in PL)	Excise duty <sup>7</sup> (in ₹)
1	Piccadily Distillery, Bhadson (Karnal)	3,484	33 to 105	3920.00	2,35,170
2	Haryana liquor Pvt. Limited Karnal	1,463	65 to 221	2019.94	1,21,196
3	NV Distilleries, Village Badholi, Ambala	2,055	29 to 312	2368.00	1,42,080
4	ADS Spirit pvt. Limited, Jhajjar	2,192	28 to 55	-	-
5	Ashoka Distillery and Chemical Pvt. Limited, Hathin, Palwal	1,085	-	414.38	24,863
	<b>Total</b>	<b>10,279</b>		<b>8,722.32</b>	<b>5,23,309</b>

It was further noticed that the liquor for which sample were sent for analysis were dispatched by the distilleries for sale within one to seven days of their manufacturing, before receiving any chemical examination certificate stating whether the liquor is fit for human consumption or not. In the absence of Certificate of Chemical Examiner, the quality of liquor cannot be ensured. Further, no period/time limit was prescribed in rules within which the liquor samples had to be examined and returned to distillery by Chemical Examiner. It was further noticed that even the AETOs/EIs in distillery did not raise this issue of the sale of liquor from distilleries, without the mandatory report of Examiner.

The AETO/EI of NV Distilleries and M/s Haryana liquor Pvt. Limited stated that as sale of liquor against permit received at distillery is a time-bound process, it is not feasible to hold the batches for such a long time as it would badly impact the sale of liquor. The officer-in-charge of M/s Piccadily Agro Industries stated that the matter would be examined. Similarly, officer-in-charge of M/s ADS Pvt. Limited intimated that as per availability of chemical examiner in the office and as per his guidance, collected samples were sent to him twice or thrice in a month.

As no time-limit was prescribed for completion of chemical analysis process, sales of liquor without the mandatory chemical certificate was taking place in the state.

Thus, the distilleries were sending the samples for testing under assumption of assurance that the stock would be fit for human consumption and the health- related control was put at risk.

**(ii) Non-redistillation of sample sent for examination**

The Excise Department of Haryana had issued instructions (November, 2019) that in cases of liquor samples collected in the distilleries in which the chemical analysis report was duly submitted, the manufacturers would be permitted to redistill the same. Thus, the samples which were sent for chemical examination were required to be taken back to distillery for re-distillation. As the exercise of re-distillation was dependent on the critical variable of time, effective internal control measure would require prescribing specific timelines for re-distillation of remaining liquor sample in the instructions.

Audit noticed that the collected samples were not returned for re-distillation, resulting in non-realisation of potential excise levy of ₹ 5.23 lakh. Audit also could not verify from the records made available whether these samples were separately preserved.

**The department in its written reply stated that as under: -**

**Non adherence to codal provisions.**

**(i) Sale of liquor without chemical examination certificate**

In order to ensure that the liquor is fit for human consumption, Rule 17 of Punjab Distilleries Rules, 1932 (as applicable to State of Haryana) stipulates that the licensee shall, when required, permit samples of materials used or spirit prepared in the distillery to be taken for analysis.

Scrutiny of the records of five distilleries for the period 2019-21 revealed that 10,279 samples of CL and IMFL were sent to Chemical examiners for analysis. In respect of four distilleries for 9,194 samples, the Chemical examiners sent their report after 28 to 312 days of receiving the sample from Officer-in-charge of the distillery as detailed in Table 3 below:

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1.	Picadily distillery, Bhadson (Karnal)	3,484	33 to 105	3920.00	2,35, 170
2.	Haryana Liquor Pvt Ltd Karnal	1,463	65 to 221	2019,94	1,21,96
3.	N V Distilleries, village Badholi, Ambala	2,055	29 to 312	2368.00	1,42,080
4.	ADS Spirit Pvt Ltd Jhajjar	2,192	28 to 55	-	-
5.	Ashoka Distillery and Chemical Pvt Ltd Hathin, Palwal	1,085	-	414.38	24,863
	<b>TOTAL</b>	<b>10,279</b>	<b>-</b>	<b>8,722.32</b>	<b>5,23, 309</b>

It was further noticed that the liquor for which sample were sent for analysis were dispatched by the distilleries for sale within one to seven days of their manufacturing

before receiving any chemical examination certificate stating whether the liquor is fit for human consumption or not. In the absence of Certificate of Chemical Examiner, the quality of liquor cannot be ensured. Further, no period/time limit was prescribed in rules within which the liquor samples had to be examined and returned to distillery by Chemical Examiner. It was further noticed that even the AETOs/ElS in distillery did not raise this issue of the sale of liquor from distilleries, without the mandatory report of Examiner.

The AETO/El of NV Distilleries and M/s Haryana liquor Pvt. Limited stated that as sale of liquor against permit received at distillery is a time-bound process. it is not feasible to hold the batches for such a long time as it would badly impact the sale of liquor. The officer-in-charge of M/s Piccadily Agro Industries stated that the matter would be examined. Similarly, officer-in-charge of M/s ADS Pvt. Limited intimated that as per availability of chemical examiner in the office and as per his guidance, collected samples were sent to him twice or thrice in a month.

As no time-limit was prescribed for completion of chemical analysis process. sales of liquor without the mandatory chemical certificate was taking place in the state.

Thus, the distilleries were sending the samples for testing under assumption of assurance that the stock would be fit for human consumption and the health-related control was put at risk.

#### REPLY OF THE DISTRICTS--KARNAL

##### SALE OF LIQUOR WITHOUT CHEMICAL EXAMINATION CERTIFICATE

It is submitted that as per Excise Rules, samples have been regularly sent to Chemical Examiner, Karnal for obtaining Test/Certificates. In this case, delay as pointed out by the Audit Team is on the part of Chemical Examiner, Karnal. However, the results of all the samples are within the permissible limits as defined under rules and the report of Chemical Examiner also mentioned that all the batches are fit for human consumption. Further as the sale of liquor against permits received at distillery is a time bound process, it is not feasible to hold the batches for such a long time as it would badly impact the sale of liquors resulting in loss of Excise Revenue.

#### REPLY OF THE DISTRICT AMBALA

##### SALE OF LIQUOR WITHOUT CHEMICAL EXAMINATION CERTIFICATE.

It is submitted that in the CAG report, it has been revealed that M/s N.V. Distilleries, Village Badholi, Ambala, the total No of 2055 samples were sent for examination in the year 2019 to 2021 and report of the same were received within 29 days to 312 days and total quantity of liquor involved were 2368 PL. The objection raised about the delay in receiving the report of chemical examination is beyond the control of this department as the chemical examination is conducted by the Chemical laboratories administered by Food and Drug Administration department and there can be many reasons for procedural delay, We can only make a request to the chemical laboratories for providing early result of the samples. Request for early examination are being made both at the distillery level as well as at the departmental level regularly. Vide Memo No. 3288 dated 31.08.2022, chemical examiner has been requested for providing early reports.

As far as sale of liquor without chemical examination certificate is concerned, it is submitted that a batch of potable liquor cannot be held back for long and sale of liquor against permits received at distillery is a time bound process so if it is held for long, it will hamper the sale of liquor as well as badly affect the state exchequer in the shape of excise duty. However, we shall put our all-round efforts to ensure receiving the chemical report in a time bound manner.

#### REPLY OF THE DISTRICT JHAJJAR

In this regard, the reply of district Jhajjar is as under: -

- (i) In the period 2019-21, total 2192 samples of CL and IMFL sent to the chemical examiner for analysis report.
- (ii) Report of all samples has been received and as per the report, all the samples are fit for human consumption.
- (iii) The delay pointed out in the CAG report is because of non-availability of chemical examiner in district Jhajjar.

#### REPLY OF THE DISTRICT PALWAL

##### SALE OF LIQUOR WITHOUT CHEMICAL EXAMINATION CERTIFICATE

It is submitted that chemical examination certificate for all 1085 samples of M/s Ashoka Distilleries And Chemicals Private Limited, Hathin were received well in time.

##### (ii) **Non-redistillation of sample sent for examination**

The Excise Department of Haryana had issued instructions (November. 2019) that in cases of liquor samples collected in the distilleries in which the chemical analysis report was duly submitted, the manufacturers would be permitted to redistill the same. Thus, the samples which were sent for chemical examination were required to be taken back to distillery for re-distillation. As the exercise of re-distillation was dependent on the critical variable of time, effective internal control measure would require prescribing specific timelines for re-distillation of remaining liquor sample in the instructions.

Audit noticed that the collected samples were not returned for re-distillation, resulting in non-realisation of potential excise levy of 5.23 lakh. Audit also could not verify from the records made available whether these samples were separately preserved.

#### REPLY OF THE DISTRICT KARNAL

##### **Non-redistillation of sample sent for examination**

It is submitted that one sample of each batch is sent to Chemical Examiner and one sample is retained at the office of the DETC (Excise), Karnal. These samples are sent for redistillation in bulk numbers after receipt from the Chemical Examiner. Since, the samples are sent for redistillation, there is not either any loss of liquor or loss of revenue to State Exchequer.

#### REPLY OF THE DISTRICT AMBALA.

It is submitted that, it has also been reported that the total quantity of 2368 PL of collected samples were not returned for re-distillation, it is submitted that once the sample is opened and treated with chemicals etc., cannot be taken back for re-

distillation because the sample become spurious. Moreover, the laboratory people do not return the samples which are sent to them for examination and they destroy it on their own. More so in the case of sample which is kept at the excise office at the distillery, can be re-distilled since it is not opened and adulterated with another chemical etc., but the same can only be done after receiving the report of the already sent sample from the chemical examiner. However, it is pertinent to mention here that since samples are not for sale purposes, hence, there is no loss of excise duty. However, we will ensure to re-distill the samples which are kept with excise office in the distillery premises after regular interval in future. Therefore, in the light of the above, explanation you are requested to kindly drop the para in the interest of government revenue.

#### REPLY OF THE DISTRICT PALWAL

It is submitted that re-distillation of all the preserved samples of the said distillery has already been done and in this concerned a reply vide Memo No. 557 ADCPL (X-I)/dated 09.02.2022 from Officer Incharge (Excise) Ashoka Distilleries and Chemicals copy of the same has already been sent to Principal Accountant General (Audit) for his memo No. AMG-2/IR/2021-22/1466-1468 dated 12.1.22.

**The Committee has desired that sale of liquor should not be allowed without the chemical examination certificate and infrastructure for chemical examination of the liquor be expanded at the earliest under intimation of the Committee.**

#### **[21] 3.4.5.2 Non-drawal of sample of beer from microbrewery for analysis:0**

Para 9.10 of Haryana Excise Policy for the year 2020-21 states that in order to promote healthy drinking habit of liquor with low alcoholic content, the DETC (Excise) was required to arrange and forward the Beer samples from microbreweries once every month to the nearest Government Excise Laboratory for analysis. The report so obtained thereon was to be displayed in the premises of Microbreweries.

During scrutiny of records of four DETC (Excise) for the year 2020-21 having

21 microbreweries<sup>8</sup>, it was noticed that Beer samples were not drawn/ forwarded to Government Excise Laboratory for analysis. In the absence of such controls, the quantity and quality of alcoholic content in the beer served in the microbreweries could not be ascertained. Audit could not ascertain as to how the Department ensured the objective of promoting healthy drinking habit of liquor in absence of such control.

The DETCs (Excise) Gurugram (East), Gurugram (West) (November 2021) Faridabad (December 2021) and Panchkula (July 2021) stated that the point raised by the Audit would be kept in mind for future samples.

**Revenue:-** Revenue generation forms the primary objective of the Department. While the Excise Policies lay down the roadmap for attainment of this objective, internal controls of the Department act as tools to maximise the achievement of the objective. Various categories of licenses (L-1, L-2, L-14A, L-2BF, L-52, L-4/5, L-1BF)<sup>9</sup> are granted by the Department against payment of fixed license fee at varying time intervals, which are covered in the Excise Policy. The two critical variables governing the provisions on license fees in the Excise Policy are quantity and time. An effective Internal Control System should include real time monitoring of these two variables with the assistance of IT tools to automate the processes and minimise deviations. Audit observed that the Department had gaps in its Internal Control Mechanism leading to absence of monitoring, non- adherence to norms of excise policy and lack of follow up.



It was observed that an amount of ₹ 47.11 crore on account of short/non recovery of monthly license fee and interest thereon and penalty of ₹ 26.97 crore against various categories of licensees were outstanding as discussed in succeeding paragraphs:

**The department in its written reply stated that as under: -**

Para 9.10 of Haryana Excise Policy for the year 2020-21 states that in order to promote healthy drinking habit of liquor with low alcoholic content, the DETC (Excise) was required to arrange and forward the Beer samples from microbreweries once every month to the nearest Government Excise Laboratory for analysis. The report so obtained thereon was to be displayed in the premises of Microbreweries.

During scrutiny of records of four DETC (Excise) for the year 2020-21 having 21 microbreweries, it was noticed that Beer samples were not drawn/ forwarded to Government Excise Laboratory for analysis. In the absence of such controls, the quantity and quality of alcoholic content in the beer served in the microbreweries could not be ascertained. Audit could not ascertain as to how the Department ensured the objective of promoting healthy drinking habit of liquor in absence of such control. The DETCs (Excise) Gurugram (East), Gurugram (West) (November 2021) Faridabad (December 2021) and Panchkula (July 2021) stated that the point raised by the Audit would be kept in mind for future samples.

**REPLY OF DETCS (EXCISE), GURUGRAM (EAST)**

It is submitted in March 2020 State was under lock down due to Covid virus. Hence, this office could not collect samples from micro-breweries during this period.

**REPLY OF DETCS (EXCISE), GURUGRAM (WEST)**

It is submitted that regular checking is being conducted by the Excise Officers (AETOs/EIs) in Microbreweries. It is also submitted that as per Excise Policy, the licensees are required to check the quality of raw material and beer by a qualified chemist. The qualified chemist is required to certify each batch of beer produced in microbrewery. The compliance of this provision is ensured in letter and spirit. It is further submitted that due to limited shelf life of beer produced in microbrewery, the samples are spoiled within a span of 5-6 days. It is also deemed pertinent to mention that due to shortage of Government Analysts, some times the sample taken by the department are not received by concerned. Therefore, due to technical difficulties in checking of samples, beer produced is checked on the spot by excise officers during inspections. It is however submitted that despite the issues mentioned above, samples are being taken from microbreweries for testing from Government Excise Laboratory. It is submitted that a total of 12 samples were taken by the department in the month of December 2022, all of which were found OK as per report received. It would also be pertinent to mention here that no revenue loss is involved in the matter, provisions of policy are being complied.

**REPLY OF DETCS (EXCISE), FARIDABAD**

It is submitted that samples from each batch were analyzed by the microbreweries before servicing to the public. During the year 2022-23, 17 samples have been taken and sent to the Excise Laboratory for analysis. Regular samples are being taken as per policy conditions.

## REPLY OF DETC (EXCISE), PANCHKULA

It is submitted that Beer samples were drawn and forwarded to Government Excise Laboratory for analysis after July, 2021 by this office.

**The Committee has desired that the possibility be explored to purchase/set up mobile lab at the earliest and action taken report be submitted to the Committee.**

## [22] 3.4.6.1 License fees:

*i.* Non/Short recovery of monthly instalments of license fee and interest thereon:

Para 6.4 of State Excise policy for the years 2019-20 and 2020-21 stipulated that every licensee holding a license for retail outlets of IMFL and CL licensees, shall make payment of monthly installment of license fee by 20<sup>th</sup>/15<sup>th</sup> of each month, respectively. Failure to do so renders the licensee liable to pay interest at the rate of 18 *per cent* per annum for the period from the first of the month in which the license fee was due to the date of payment of the instalment or any part thereof.

Scrutiny of the records of selected DETCs (Excise) revealed that in seven<sup>10</sup> out of 11 DETCs (Excise), 67 licensees in 67 zones<sup>11</sup> out of 188 zones had paid license fee of ₹ 566.04 crore against the due license fee of ₹ 590.30 crore for 2019-20 and 2020-21. The Department had not devised any monitoring mechanism for periodical checking of outstanding license fee. DETCs did not initiate any action to recover this short payment of license fee of ₹ 24.26 crore and interest of ₹ 8.41 crore (**Appendix-XII**).

Further, test check of records of selected DETCs (Excise) revealed that in ten<sup>12</sup> out of 11 offices, 175 (**Appendix-XIII**) zones had paid monthly instalments of license fee of ₹ 473.86 crore with delay ranging between 16 to 137 days. In the absence of any defined mechanism, the DETCs (Excise) neither monitored the delay in payment of the license fee nor initiated any action to levy interest thereon. This resulted in non-levy of interest of ₹ 11.24 crore on delayed payment of license fees.

It was also noticed that **L-1 BF licenses** had deposited license fee with delays ranging from 22 to 89 days for which ₹ 1.53 crore as interest on delayed payment was leviable (**Appendix-XIV**) as per provisions of the policy. However, the DETCs had not initiated the process of recovery of interest from the licensees.

On this being pointed out, DETC (Excise) Faridabad, Sonipat Gurugram (East) and Gurugram (West) intimated that the matter is being examined and recovery on account of non/short deposit of license fee and interest thereon would be made. The DETC (Excise) Panipat stated that the recovery would be made from three *per cent* security lying with the department. However, the response was not acceptable as the amount under audit observation exceeded the three *per cent* security portion referred to in the reply and the recovery of the same shall not offset the pending amount due. The DETC (Excise) Jagadhri stated that final reply would be submitted after examining the facts. The DETC (Excise) Hisar intimated that notices are being issued to the licensees. The DETC Karnal stated that interest amounting to ₹ 23.31 lakh had been recovered/adjusted and DETC Panchkula stated that all the amount of interest except ₹ 0.52 lakh had been recovered/adjusted.

Regarding recovery of interest from L-1BF, DETCs Gurugram (East and West) stated (November 2021) that the outstanding interest would be recovered from three *per cent* security lying with the Department.

**ii. Short recovery of license fee from L-2BF Licensee**

Para 9.5.13 of the Haryana Excise Policy 2020-21 introduced a new license (L-2BF) for retail sale of Imported Foreign Liquor (IFL) Bottled in Origin (BIO) by the retail outlets of IMFL and Bar Licensees. The new license was to be granted at a fixed price mandatorily to certain earmarked retail outlets in accordance with the potential of the vend for sale of IFL (BIO). Against a fixed license fee of ₹ 28.60 lakh, ₹ 15.63 lakh was outstanding for six zones of the DETC Sonipat for the year 2020-21 as detailed in Table 4 below:

**Table 4: Outstanding license fee of L2BF license**

(Amount in ₹)

Zone No.	Fixed License fee for L-2BF license	Amount Recovered	Balance due
ZSNP03	2,60,000	95,000	1,65,000
ZSNP04	7,80,000	2,35,000	5,45,000
ZSNP07	5,20,000	2,00,000	3,20,000
ZSNP11	5,20,000	4,31,600	88,400
ZSNP24	5,20,000	2,55,000	2,65,000
ZSNP30	2,60,000	80,000	1,80,000
<b>Total</b>	<b>28,60,000</b>	<b>12,96,600</b>	<b>15,63,400</b>

**Source: Compiled from Departmental records**

The DETC Sonipat intimated (October 2021) that the matter would be examined and recovery on account of license fee of ₹ 15.63 lakh would be made from the licensees.

**iii. Short levy and non-recovery of license fee from L-52 (Anumat Kaksh) licensees**

Para 1.4.1 of State Excise policy for the year 2019-20 stipulated that in order to prevent rowdy and drunken behaviour in public, an authorised drinking place called “Anumat Kaksh” with each retail vend was allowed by the DETC (Excise) in urban areas and sub-urban areas falling within 5 KMs from the outer limit of respective Municipalities and borders with other States. Further, Para

1.4.3 of the policy stipulated that the fee structures for Anumat Kaksh in urban zone and sub-urban zone would be 0.8 *per cent* and 0.4 *per cent* of license fee of zones of vends respectively.

Scrutiny of records and documents of 11 selected units revealed that DETCs (Excise), Sonipat and Panipat, while granting the L-52 licenses for Anumat Kaksh in 11 urban zones, levied license fee at the rate of 0.4 *per cent* instead of

0.8 *per cent* of the zone license fee resulting in short levy of license fee to the extent of ₹ 91.04 lakh as detailed in the Table 5 below:

**Table 5: Outstanding license fee for Anumat kaksh****(Amount in ₹)**

Sonipat					
	Zone no.	Bid amount	License fee as per policy (0.8 per cent)	License fee actually levied (0.4 per cent)	License fee short levied
1	01	42,71,11,000	34,16,888	17,08,444	17,08,444
2	02	26,11,11,000	20,88,888	10,44,444	10,44,444
3	03	18,11,11,000	14,48,888	7,24,444	7,24,444
4	04	15,11,11,000	12,08,888	6,04,444	6,04,444
5	06	13,11,11,000	10,48,888	5,24,444	5,24,444
6	07	14,50,10,000	11,60,080	5,80,040	5,80,040
7	09	45,71,00,000	36,56,800	18,28,400	18,28,400
8	10	19,71,71,000	15,77,368	7,88,684	7,88,684
<b>Sub-total</b>		<b>1,95,08,36,000</b>	<b>1,56,06,688</b>	<b>78,03,344</b>	<b>78,03,344</b>
Panipat					
1	05	12,11,75,000	9,69,400	4,84,700	4,84,700
2	08	11,81,51,000	9,45,208	4,72,604	4,72,604
3	13	8,60,00,000	6,88,000	3,44,000	3,44,000
<b>Sub-total</b>		<b>32,53,26,000</b>	<b>26,02,600</b>	<b>201,315</b>	<b>201,315</b>
<b>Total</b>		<b>2,27,61,62,000</b>	<b>1,82,09,288</b>	<b>91,04,648</b>	<b>91,04,648</b>

**Source: Compiled from Departmental records**

The DETC (Excise) Sonipat stated (October 2021) that these eight zones of vends were specified as Urban + Rural zones as per Excise Arrangement<sup>13</sup> 2019-20 and accordingly they fell under sub-urban zones, attracting 0.4 per cent levy. The reply is not tenable as the Anumat Kaksh were permitted and covered only in urban and sub-urban areas under the Excise Policy 2019-20 and there was no provision for Urban + Rural areas in the policy. Since these eight zones of vends were covered under urban areas as per the licenses granted to the vends, the applicable license fee was at the rate of 0.8 per cent of license fee of the zone.

The DETC (Excise) Panipat stated (October 2021) that short recovery of license fee from L-52 licensees would be made from the licensee from three per cent refundable security lying with the department.

**iv Non recovery of license fee of L- 4/5 licenses (Bars)**

Para 9.8.3 (d) of the State Excise Policy for the year 2020-21 provides that the annual license fee for grant or renewal of bar licenses was ₹ 18 lakh, ₹ 15 lakh and ₹ 10 lakh for Gurugram, Faridabad and remaining districts respectively. Further, Para 9.8.3 (e) of State Excise Policy for the year 2020-21 stipulates that a composite fee of ₹ 1.50 crore was to be charged for grant or renewal of licenses for bar operated by Haryana Tourism Corporation (HTC). The annual license fee for a bar (L-4/L-5/ L-12C/L-12G) license was to be paid in four equal quarterly instalments, payable in the first week of each quarter, failing which the license was liable to be cancelled and corresponding security forfeited. In the wake of Covid pandemic, the ETC decided (September 2020) to renew the bar licenses (L-4/L-5/ L-12C/L-12G) with effect from 1<sup>st</sup> September 2020 and

for the purpose of calculating 1<sup>st</sup> and 2<sup>nd</sup> quarter license fee, proportionate calculation on per day basis, reckoned from the day of opening of bars was decided. The policy for the year 2020-21 was in force till 31 March 2021. However, owing to impact of restrictions during Covid, the Excise Policy for 2020-21 was extended up to 19 May 2021.

Scrutiny of records of selected 11 units revealed that in the offices of ETC, DETC (Excise) Sonipat, Gurugram (East), Gurugram (West), for the year 2020-21, six bar licensees out of 506 licensees had paid license fee of ₹ 42.25 lakh against the due license fee of ₹ 1.02 crore as detailed in the Table 6 below:

**Table 6: Outstanding license fee of bars**

(Amount in ₹)

Sr. No.	ETC/ DETCs (Excise)	Bar Licensee	License Fee leviable	License fee levied	Outstanding License fee
1	ETC	Haryana Tourism Corporation	75,00,000 <sup>#</sup>	37,50,000	37,50,000
2	Sonipat	M/s Fissile Beer Island Bar and Café Pvt Ltd	6,36,111	3,75,000	2,61,111
3	Gurugram (East)	The Ark	6,95,000	0	6,95,000
4	Gurugram (West)	A.V. Bristo Pvt. Ltd.	4,50,000	0	4,50,000
5	Gurugram (West)	Smash Entertainment	4,50,000	0	4,50,000
6	Gurugram (West)	Black Bucks American diner	4,50,000	1,00,000	3,50,000
		<b>Total</b>	<b>1,01,81,111</b>	<b>42,25,000</b>	<b>59,56,111</b>

**Source: Compiled from Departmental records**

All the licensees except HTC have not been renewed for next year. The Department did not initiate any action to cancel the licenses, forfeit the security of these bars or recover the outstanding license fee of ₹ 59.56 lakh resulting into revenue loss of to the same extent.

The Collector (Excise)-cum Joint ETC Haryana stated (July 2021) that a letter had been written to Managing Director, HTC to deposit the balance amount of one quarter. The DETC (Excise) Sonipat, Gurugram (East) and Gurugram (West) intimated (November 2021) that efforts would be made to recover the outstanding amount.

**v Non levy and recovery of penalty for short lifting of quarterly basic quota of liquor**

As per Para 3.3.1 and 3.3.2 of State Excise Policy for the year 2019-20 and 2020-21, a licensee was required to lift the basic quota of IMFL and CL allotted to zones, as per the prescribed quarterly schedule. Non- lifting of quarterly quota attracted penalty at the rate of ₹ 55 and ₹ 100 for the year 2019-20 and ₹ 70 and ₹ 125 for the year 2020-21 per Proof Litre (PL) for CL and IMFL respectively on a quarterly basis, for the short-lifted quota. The provisions of lifting of quota and penalty for non-lifting of quota in case of retail outlets of IMFL and CL were to apply *mutatis mutandis* to L-2BF licensees. However, the penalty for short-lifting of IFL was ₹ 5,000 per case for whisky & wine and ₹ 2,000 per case for Beer for 2020-21.

Scrutiny of the records of 11 DETCs (Excise) revealed that in nine<sup>15</sup> DETCs, 202

zones allotted to IMFL and CL and six zones allotted to L2-BF licensees of IFL had short lifted their quota as required in the Excise policy and accordingly, attracted levy of penalty of ₹ 24.87 crore and ₹ 2.10 crore respectively (**Appendix-XV**). Audit did not come across any control mechanism for monitoring the gaps in lifting of quarterly quota. Correspondingly, the DETCs (Excise) concerned, did not monitor the quota and the licensee had not lifted their prescribed liquor quota. The DETCs (Excise) did not initiate any action to levy and recover the penalty on account of short lifting of quarterly quota, leading to non-recovery of penalty of ₹ 26.97 crore.

The DETC (Excise), Sonipat (October 2021), Faridabad, Gurugram (East) and Gurugram (West) (November 2021) intimated that the matter is being examined and recovery on account of short lifting of quota, if any would be made from the licensee. The DETC (Excise) Panipat stated (October 2021) that recovery on account of short lifting of quota would be made from three *per cent* security lying with the department. The DETC (Excise) Jagadhri and Panchkula stated that final reply would be submitted after examining the facts.

**The department in its written reply stated that as under: -**

Reply of the Department of Para 3.4.6.1 (i)

(Figures in Lacs)

District	Year	Numb er of Zone	Amount involved as per audit note			Recover ed	Balance	Reply
			Short Lic fee	Intt	Total			
Faridabad	2019-20	30	807.38	24.22	831.61	817.87	13.74	As per Audit Report, the short recovery of monthly license fees is Nil and interest on short recovery of license fee is Rs. 181.66 Lacs whereas as per the Audit Note, the short recovery of monthly license fees is Rs. 807.38 Lacs and interest on short recovery of license fee is Rs. 24.22 Lacs. The audit has pointed out that during the policy year 2019-20 out of 45 zones of liquor vends in the district, 30 zones paid short monthly installment of license fee amounting to Rs. 8.07 Cr. and interest thereon amounting to Rs. 24.22 Lac. In this connection, it is submitted that the amount of Rs. 8.07 Cr. pointed out by the audit is on account of 3% security to be paid by the licensee. However, it is submitted 100% licensee fee in respect of all the liquor zones have been paid by the licensee. The licensee did not

								deposit the 3% security which was ultimately refundable to the licensee end of the policy year. However, the interest of Rs. 24.22 Lac is accepted. Out of which a sum of Rs. 10.49 lacs has been recovered/adjusted. The balance arrear has been declared under the Punjab Land Revenue Act 1887. Recovery proceedings are under process.
Gurugram (E)	2020-21	2	101.13	4.01	105.14	102.59	2.55	<p>As per Audit Report, the short recovery of monthly license fees is Rs. 64.58 Lacs and interest on short recovery of license fee is Rs. 0.97 Lacs whereas as per the district, the short recovery of monthly license fees is Rs. 101.14 Lacs and interest on short recovery of license fee is Rs. 4.02 Lacs.</p> <p>In reply to the audit para, it is submitted that amount of Rs. 63.27 Lacs has been recovered by way of sale of stock of the licensee. An amount of 39.33 Lacs has been recovered by way of addl security. Balance amount of Rs. 2.55 Lacs is recoverable for which notices have been issued to sureties of the licensee.</p>
Gurugram (W)	2019-20	1	44.38	13.32	57.70	11.25	46.45	<p>As per Audit Report, the short recovery of monthly license fees is Rs. 44.38 Lacs and interest on short recovery of license fee is Rs. 9.99 Lacs whereas as per the Audit Note, the short recovery of monthly license fees is Rs. 44.38 Lacs and interest on short recovery of license fee is Rs. 13.32 Lacs.</p> <p>In reply to audit para, it is submitted that Rs. 6.73 Lacs has been adjusted from Addl. refundable security vide DETC orders dated 08/03/2022 of Mr. Suraj Group No.18 for the year 2016-2017. An amount of Rs. 4.52 Lacs been recovered through GRNs. Balance amount of Rs. 46.45 Lacs has been declared under the Punjab land Revenue</p>

								Act 1887 on 23.11.2022. Recovery proceedings are under process
Hisar	2019-20	15	877.42	206.31	1083.73	30.65	1053.09	As per Audit Report, the short recovery of monthly license fees is Rs. 877.42 Lacs and interest on short recovery of license fee is Rs. 243.33 Lacs whereas as per the Audit Note, the short recovery of monthly license fees is Rs. 877.42 Lacs and interest on short recovery of license fee is Rs. 206.31 Lacs. In reply to audit para, it is submitted that Rs. 30.65 Lacs has been recovered from GRNs and balance amount of Rs. 1053.09 Lacs has been declared under the Punjab land Revenue Act 1887. Recovery proceedings are under process
Panipat	2019-20	8	1275.11	365.93	1641.04	11.51	1629.53	As per Audit Report, the short recovery of monthly license fees is Rs. 900.68 Lacs and interest on short recovery of license fee is Rs. 273.83 Lacs in 8 Zones whereas as per the Audit Note, the short recovery of monthly license fees is Rs. 1275.11 Lacs and interest on short recovery of license fee is Rs. 365.93 Lacs in 11 Zones. In reply to audit para, it is submitted that Rs. 11.51 Lacs has been recovered from GRNs and balance amount of Rs. 1629.53 Lacs has been declared under the Punjab land Revenue Act 1887. Latest reminder sent to concerned defaulters/ sureties on dated 22.11.2023 to Recovery proceedings are under process
Rewari	2019-20	8	538.70	121.12	659.82	257.07	402.75	In reply to audit para, it is submitted that Rs. 257.06 Lacs has been recovered from GRNs and adjustment of Addl. Security. Balance amount of Rs. 402.75 Lacs has been declared under the Punjab land Revenue Act 1887. Recovery proceedings are under process.



Sonipat	2019-20	3	0.00	10.46	10.46	0.00	10.46	In reply to this audit Para, it is submitted that the arrear of Rs. 10.46 Lacs has been declared as an arrear recoverable under the Punjab Land Revenue Act, 1887 on dt.8-2-2022. The Tehsildar, Kharkhoda has been requested not to transfer the above said immovable property without permission of this department vide letter No. 1621/Excise/dated 30.06.2023. Recovery proceedings are under process
<b>Total</b>		<b>67</b>	<b>3644.12</b>	<b>745.37</b>	<b>4389.5</b>	<b>1230.94</b>	<b>3158.57</b>	

#### 3.4.6.1 (ii) Short recovery of license fee from L-2BF Licensee

Para 9.5.13 of the Haryana Excise Policy 2020-21 introduced a new license (L-2BF) for retail sale of Imported Foreign Liquor (IFL) Bottled in Origin (BIO) by the retail outlets of IMFL and Bar Licensees. The new license was to be granted at a fixed price mandatorily to certain earmarked retail outlets in accordance with the potential of the vend for sale of IFL (BIO). Against a fixed license fee of ₹ 28.60 Lacs, ₹ 15.63 Lacs was outstanding for six zones of the DETC Sonipat for the year 2020-21 as detailed in Table 4 below:

**Table 4: Outstanding license fee of L2BF license**

(Amount in Lacs)

Zone No.	Fixed License fee for L-2BF license	Amount Recovered	Balance due
ZSNP03	2,60,000	95,000	1,65,000
ZSNP04	7,80,000	2,35,000	5,45,000
ZSNP07	5,20,000	2,00,000	3,20,000
ZSNP11	5,20,000	4,31,600	88,400
ZSNP24	5,20,000	2,55,000	2,65,000
ZSNP30	2,60,000	80,000	1,80,000
<b>Total</b>	<b>28,60,000</b>	<b>12,96,600</b>	<b>15,63,400</b>

#### Reply of the Department of Para 3.4.6.1 (ii)

(Figures in Lacs)

3.4.6.1 (ii) Short recovery of license fee from L-2BF Licensee						
District	Year	Number of Zone	Amount involved	Recovered/ Adjusted	Balance	Reply
Sonipat	2020-21	6	15.63	14.75	0.88	In reply to the audit para, it is submitted that amount of Rs. 4.30 Lacs has been recovered through E-Challans and amount of Rs. 10.45 Lacs has been recovered by adjusting from the addl. Security deposit of the licensees.

						The amount of Rs. 0.88 Lacs has been declared under the Punjab Land Revenue Act 1887 on dated 22.08.2023. Letters have also been written to Tehsildar, Sonapat vide letter No. 2191/Excise, dt.20-11-2023 for seeking information regarding immovable property held by defaulting ex-licensee. A notice has also been issued to the sureties vide this office memo No.2197, 2198/Excise, dt.22-11-2023 for recovery of arrear. Recovery proceedings are under process
<b>Total</b>		<b>6</b>	<b>15.63</b>	<b>14.75</b>	<b>0.88</b>	

**3.4.6.1 (iii) Short levy and non-recovery of license fee from L-52 (Anumat Kaksh) licensees**

Para 1.4.1 of State Excise policy for the year 2019-20 stipulated that in order to prevent rowdy and drunken behaviour in public, an authorised drinking place called “Anumat Kaksh” with each retail vend was allowed by the DETC (Excise) in urban areas and sub-urban areas falling within 5 KMs from the outer limit of respective Municipalities and borders with other States. Further, Para

1.4.3 of the policy stipulated that the fee structures for Anumat Kaksh in urban zone and sub-urban zone would be 0.8 per cent and 0.4 per cent of license fee of zones of vends respectively.

Scrutiny of records and documents of 11 selected units revealed that DETCs (Excise), Sonapat and Panipat, while granting the L-52 licenses for Anumat Kaksh in 11 urban zones, levied license fee at the rate of 0.4 per cent instead of 0.8 per cent of the zone license fee resulting in short levy of license fee to the extent of ₹ 91.04 Lacs as detailed in the Table 5 below:

**Table 5: Outstanding license fee for Anumat kaksh**

**(Amount in ₹)**

Sonipat					
Sr. No.	Zone no.	Bid amount	License fee as per policy (0.8 per cent)	License fee actually levied (0.4 per cent)	License fee short levied
1	01	42,71,11,000	34,16,888	17,08,444	17,08,444
2	02	26,11,11,000	20,88,888	10,44,444	10,44,444
3	03	18,11,11,000	14,48,888	7,24,444	7,24,444
4	04	15,11,11,000	12,08,888	6,04,444	6,04,444
5	06	13,11,11,000	10,48,888	5,24,444	5,24,444
6	07	14,50,10,000	11,60,080	5,80,040	5,80,040
7	09	45,71,00,000	36,56,800	18,28,400	18,28,400
8	10	19,71,71,000	15,77,368	7,88,684	7,88,684
<b>Sub-total</b>		<b>1,95,08,36,000</b>	<b>1,56,06,688</b>	<b>78,03,344</b>	<b>78,03,344</b>

Panipat					
1	05	12,11,75,000	9,69,400	4,84,700	4,84,700
2	08	11,81,51,000	9,45,208	4,72,604	4,72,604
3	13	8,60,00,000	6,88,000	3,44,000	3,44,000
Sub-total		32,53,26,000	26,02,600	201,315	201,315
Total		2,27,61,62,000	1,82,09,288	91,04,648	91,04,648

#### Reply of the Department of Para 3.4.6.1 (iii)

(Figures in Lacs)

3.4.6.1 (iii) Short levy and non-recovery of license fee from L-52 (Anumat Kaksh) licensees						
District	Year	Number of Zone	Amount involved	Recovered	Balance	Reply
Panipat	2019-20	3	13.01	0.00	13.01	In reply to the audit para, it is submitted that the amount of Rs. 13.01 Lacs has been declared as arrear under the Punjab Land Revenue Act, 1887 on dated 09.08.2023. Latest Reminder has been sent to concern Tehsildar on dated 22.11.2023 and recovery proceedings are under process.
Total		11	91.04	78.03	13.01	

#### 3.4.6.1(iv) Non recovery of license fee of L- 4/5 licenses (Bars)

Para 9.8.3 (d) of the State Excise Policy for the year 2020-21 provides that the annual license fee for grant or renewal of bar licenses was ₹ 18 Lacs, ₹ 15 Lacs and ₹ 10 Lacs for Gurugram, Faridabad and remaining districts respectively. Further, Para 9.8.3 (e) of State Excise Policy for the year 2020-21 stipulates that a composite fee of ₹ 1.50 crore was to be charged for grant or renewal of licenses for bar operated by Haryana Tourism Corporation (HTC). The annual license fee for a bar (L-4/L-5/ L-12C/L-12G) license was to be paid in four equal quarterly instalments, payable in the first week of each quarter, failing which the license was liable to be cancelled and corresponding security forfeited. In the wake of Covid pandemic, the ETC decided (September 2020) to renew the bar licenses (L-4/L-5/ L-12C/L-12G) with effect from 1<sup>st</sup> September 2020 and for the purpose of calculating 1<sup>st</sup> and 2<sup>nd</sup> quarter license fee, proportionate calculation on per day basis, reckoned from the day of opening of bars was decided. The policy for the year 2020-21 was in force till 31 March 2021. However, owing to impact of restrictions during Covid, the Excise Policy for 2020-21 was extended up to 19 May 2021.

Scrutiny of records of selected 11 units revealed that in the offices of ETC, DETC (Excise) Sonipat, Gurugram (East), Gurugram (West), for the year 2020-21, six bar licensees out of 506 licensees had paid license fee of ₹ 42.25 Lacs against the due license fee of ₹ 1.02 crore as detailed in the Table 6 below:

**Table 6: Outstanding license fee of bars****(Amount in ₹)**

Sr. No.	ETC/ DETCs (Excise)	Bar Licensee	License Fee leviable	License fee levied	Outstanding License fee
1	ETC	Haryana Tourism Corporation	75,00,000 <sup>#</sup>	37,50,000	37,50,000
2	Sonipat	M/s Fissle Beer Island Bar and Café Pvt Ltd	6,36,111	3,75,000	2,61,111
3	Gurugram (East)	The Ark	6,95,000	0	6,95,000
4	Gurugram (West)	A.V. Bristo Pvt. Ltd.	4,50,000	0	4,50,000
5	Gurugram (West)	Smash Entertainment	4,50,000	0	4,50,000
6	Gurugram (West)	BLacsk Bucks American diner	4,50,000	1,00,000	3,50,000
		<b>Total</b>	<b>1,01,81,111</b>	<b>42,25,000</b>	<b>59,56,111</b>

Reply of the Department of Para 3.4.6.1 (iv)

<b>3.4.6.1 (iv) Non recovery of license fee of L- 4/5 licenses (Bars)</b>					
					(Figures in Lacs)
District	Year	Amount involved	Recovered	Balance	Remarks
Gurugram (E)	2020-21	6.95	5.00	1.95	In reply to the audit para, it is submitted that an amount of Rs. 5.00 Lacs has been adjusted from the security deposited of the licensee vide DETC adjustment order dated 10.08.2023. Recovery proceedings are under process for the recovery of balance amount of Rs. 1.95 Lacs.
<b>Total</b>		<b>59.56</b>	<b>57.61</b>	<b>1.95</b>	

**3.4.6.1 (v) Non levy and recovery of penalty for short lifting of quarterly basic quota of liquor**

As per Para 3.3.1 and 3.3.2 of State Excise Policy for the year 2019-20 and 2020-21, a licensee was required to lift the basic quota of IMFL and CL allotted to zones, as per the prescribed quarterly schedule. Non- lifting of quarterly quota attracted penalty at the rate of ₹ 55 and ₹ 100 for the year 2019-20 and ₹ 70 and ₹ 125 for the year 2020-21 per Proof Litre (PL)<sup>14</sup> for CL and IMFL respectively on a quarterly basis, for the short-lifted quota. The provisions of lifting of quota and penalty for non-lifting of quota in case of retail outlets of IMFL and CL were to apply mutatis mutandis to L-2BF licensees. However, the penalty for short-lifting of IFL was ₹ 5,000 per case for whisky & wine and ₹ 2,000 per case for Beer for 2020-21.

Scrutiny of the records of 11 DETCs (Excise) revealed that in nine<sup>15</sup> DETCs, 202 zones allotted to IMFL and CL and six zones allotted to L2-BF licensees of IFL had short lifted their quota as required in the Excise policy and accordingly, attracted levy of penalty of ₹ 24.87 crore and ₹ 2.10 crore respectively (**Appendix-XV**). Audit did not come across any control mechanism for monitoring the gaps in lifting of quarterly quota. Correspondingly, the DETCs (Excise) concerned, did not monitor the quota and the licensee had not lifted their prescribed liquor quota. The DETCs (Excise) did not initiate

any action to levy and recover the penalty on account of short lifting of quarterly quota, leading to non-recovery of penalty of ₹ 26.97 crore.

**Appendix XV (A)**

**{Refer Paragraph No. 3.4.6.1 (v)}**

***Details showing short lifting of quarterly quota and non-levy/recovery of penalty for the year 2019-21 (IMFL and CL)***

Sr. No	Name of office of DETCs (Excise)	Year	Number of Zone	Amount of penalty
1	Faridabad	2019-20	33	2,36,57,545
2	Gurugram (E)	2020-21	06	3,17,92,312
3	Gurugram (W)	2019-20	05	3,60,44,856
4	Jagadhri	2020-21	52	81,75,468
5	Hisar	2019-20	15	7,26,42,529
6	Panchkula	2020-21	1	45,19,375
7	Panipat	2019-20	14	2,61,32,022
8	Rewari	2019-20	11	1,60,86,792
		2020-21	44	3,63,709
9	Sonipat	2020-21	21	2,93,07,257
	<b>Total</b>		<b>202</b>	<b>24,87,21,865</b>

**Reply of the Department of Para3.4.6.1 (V) (A)**

3.4.6.1(v) Non levy and recovery of penalty for short lifting of quarterly basic quota of liquor						
District	Year	Number of Zone	Amount involved	Recovered/ Adjusted	Balance	Figures in Lacs Reply
Faridabad	2019-20	33	236.58	207.97	28.61	In reply to the audit para, it is submitted that an amount Rs. 207.97 Lacs has been adjusted in view of 15 days quota relief granted by ETC Haryana Panchkula vide order no 2199/Reader, dated 21.03.2022 and vide DETC(X) order dated 28.09.2022 and 22.11.2023. Balance arrear of Rs. 28.61 Lacs has been declared as arrear under Punjab Land Revenue Act 1887. Recovery proceedings are under process
Gurugram (E)	2020-21	6	317.92	0.00	317.92	As per Audit Report, the penalty for short lifting of quarterly quota of IMFL and CL is Rs. 317.92 Lacs whereas as per the District, this penalty is Rs. 608.32 Lacs. In reply to the audit para, it is submitted that Recovery proceedings are under process for the amount of Rs. 608.32 Lacs

Gurugram (W)	2019-20	5	360.45	83.51	276.93	In reply to the audit Para, it is submitted that an amount Rs. 83.51 Lacs has been adjusted in view of 15 days quota relief granted by ETC Haryana Panchkula and vide DETC(X) order. Balance arrear of Rs. 274.91 Lacs has been declared as arrear under Punjab Land Revenue Act, 1887 on dated 22.12.2022. Recovery proceedings are under process.
Hisar	2019-20	15	726.43	8.03	718.40	In reply to the audit Para, it is submitted an amount Rs. 8.03 Lacs has been recovered/adjusted through E-Challan and in view of 15 days quota relief granted by ETC Haryana Panchkula vide Endst No. 9478/X-I Panchkula dated 09.02.2022 and vide DETC(X) order. Balance arrear of Rs. 718.40 Lacs has been declared as arrear under Punjab Land Revenue Act 1887. Recovery proceedings are under process
Panchkula	2020-21	1	45.19	42.94	42.94	As per Audit, the penalty amount is Rs. 45.19 Lacs but as per Office Record, penalty amount should be Rs. 42.94 Lacs. In reply to the audit Para, it is submitted that an amount Rs. 17.81 Lacs has been adjusted/recovered from the addl. Security and Rs. 25.13 Lakh has been deposited/ recovered through GRN No 108826271 and 108837892 dated 27.10.2023. <b>(Dropped 24.01.2024)</b>
Panipat	2019-20	14	261.32	0.01	261.31	In reply to the audit Para, it is submitted an amount Rs. 0.01 Lacs has been recovered through E-Challan and Balance arrear of Rs. 261.31 Lacs has been declared as arrear under the Punjab Land Revenue Act 1887. Reminder sent to concerned Tehsildar on dated 22.11.2023. Recovery proceedings are under process
Rewari	2019-20	11	160.87	13.66	147.21	In reply to the audit Para, it is submitted an amount Rs. 3.16 Lacs has been recovered through E-Challan, Rs. 10.50 Lacs has been adjusted from addl security. Balance arrear of Rs. 147.21 Lacs has been declared as arrear under the Punjab Land Revenue Act 1887. Recovery proceedings are under process
<b>Total</b>		<b>202</b>	<b>2487.22</b>	<b>701.27</b>	<b>1785.95</b>	

3.4.6.1 (V) Details showing short lifting of quarterly quota and non-levy/recovery of penalty for the year 2019-21(IFL)

**Appendix XVB**

(Figure In Rs.)

District	Number of Zones	Name of licensee	Penalty for 1st quarter	Penalty for 2nd quarter	Penalty for 3rd quarter	Penalty for 4th quarter	Total penalty
Gurugram (East)	17	Vishal Singla	5240	360490	451200	1105050	1921980
Gurugram (East)	22	Vishal Singla	0	683110	1131610	2701810	4516530
Gurugram (East)	29	Haryana Tourism	704236	2307510	5038050	7882050	15931846
Gurugram (East)	37	Vishal Singla	76437	556360	715100	1701000	3048897
Gurugram (East)	41	Vishal Singla	0	1606440	2294740	4417930	8319110
Gurugram (East)	45	Haryana Tourism	268833	509480	1730280	3152280	5660873
		<b>Total</b>	<b>1054746</b>	<b>6023390</b>	<b>11360980</b>	<b>20960120</b>	<b>39399236</b>

**Reply of the Department**

**Details showing short lifting of quarterly quota and non-levy/recovery of penalty for the year 2019-21(IFL)**

(Figure In Lacs)

District	Year	Number of Zone	Amount involved	Recovered/ Adjusted	Balance	Reply
Gurugram (E)	2020-21	6	393.99	0.00	393.99	As per Audit Report, the penalty for short lifting of quarterly quota of IFL is Rs. 393.99 Lacs whereas as per the district, this penalty is Rs. 397.52 Lacs. In reply to the audit para, it is submitted that Recovery Proceedings are under Process for this amount.

**The Committee has desired that the recovery alongwith penalty/interest, where applicable, be expedited under intimation of the Committee.**

**[23] 3.4.6.3 Non-recovery of stock transfer fee:/Enforcement and Internal Audit:**

Para 8.8 of Haryana Excise Policy for the years 2019-20 and 2020-21 stipulates that any quantity of liquor in physical possession of the outgoing licensee at the termination of the contract for the year 2019-20/2020-21 and transferred to an incoming licensee for the year 2020-21/2021-22 in accordance with the provisions of the Haryana Liquor License Rules, 1970 would not be counted towards lifting of annual quota for the year 2019-20/2020-21. A stock transfer fee was to be levied at the rate of ₹ 7 per PL for

CL, ₹ 13 per PL for all brands of IMFL and ₹ 11 per BL for Beer. For IFL (BIO), the stock was to be transferred on payment of differential amount arising from increase in permit fee and levy of assessment fee. In addition, a transfer fee was also be levied at the rate of ₹ 120 per PL for Whisky, Scotch, Rum, Vodka, Gin and Brandy *etc.*, ₹ 120 per BL for wine and ₹ 50 per BL for Beer.

Scrutiny of records of selected units revealed that in the office of DETC (Excise) Gurugram (East) for the year 2019-20, an amount of ₹ 38.36 lakh was not levied on account of transfer fee, on unsold stock and difference of assessment fee in respect of M/s Lake forest wine private limited {IFL (BIO)}. Similarly, record relating to office of the DETC (Excise), Jagadhri for the year 2020-21, revealed that 12 (CL/IMFL) licensees had unsold liquor stock of 14981.06 PL/BL against which stock transfer fee of ₹ 2.64 lakh was levied but not recovered. Therefore, an amount of ₹ 41.00 lakh was outstanding on account of stock transfer fee.

The DETC Gurugram intimated (November 2021) that the detailed reply of recovery of transfer fee as well as assessment fee would be submitted after verifying the facts. DETC Jagadhri intimated (March 2022) recovery of ₹ 1.74 lakh had been made and efforts are being made for remaining amount.

The Excise Department and the Police Department are to enforce the provisions of Excise Policy in the State. Delays in deciding breach cases, non- enforcement of amended provisions in seizure of illicit liquor, delays in destruction of seized liquor and absence of auditing standards/ manual for internal audit were noticed in both the Departments as discussed in succeeding paragraphs:

**The department in its written reply stated that as under: -**

Para 8.8 of Haryana Excise Policy for the years 2019-20 and 2020-21 stipulates that any quantity of liquor in physical possession of the outgoing licensee at the termination of the contract for the year 2019-20/2020-21 and transferred to an incoming licensee for the year 2020-21/2021-22 in accordance with the provisions of the Haryana Liquor License Rules, 1970 would not be counted towards lifting of annual quota for the year 2019-20/2020-21. A stock transfer fee was to be levied at the rate of ₹ 7 per PL for CL, ₹ 13 per PL for all brands of IMFL and ₹ 11 per BL for Beer. For IFL (BIO), the stock was to be transferred on payment of differential amount arising from increase in permit fee and levy of assessment fee. In addition, a transfer fee was also be levied at the rate of ₹ 120 per PL for Whisky, Scotch, Rum, Vodka, Gin and Brandy *etc.*, ₹ 120 per BL for wine and ₹ 50 per BL for Beer.

Scrutiny of records of selected units revealed that in the office of DETC (Excise) Gurugram (East) for the year 2019-20, an amount of ₹ 38.36 Lacs was not levied on account of transfer fee, on unsold stock and difference of assessment fee in respect of M/s Lake Forest wine private limited {IFL (BIO)}. Similarly, record relating to office of the DETC (Excise), Jagadhri for the year 2020-21, revealed that 12 (CL/IMFL) licensees had unsold liquor stock of 14981.06 PL/BL against which stock transfer fee of ₹ 2.64 Lacs was levied but not recovered. Therefore, an amount of ₹ 41.00 Lacs was outstanding on account of stock transfer fee.



Figure in Lacs

3.4.6.3 Non-recovery of stock transfer fee						
District	Year	Number of Zone	Amount involved	Recovered	Balance	Reply
Gurugram (E)	2019-20	01 (Lake Forest wine)	38.36	38.36	0.00	In reply to the audit para, it is submitted that the amount of Rs. 38.36 Lacs has been adjusted from the security amount of Rs. 96.00 Lacs of M/s Lake Forest Wines L-1BF.
Jagadhari	2020-21	12	2.64	1.32	1.32	Out of the total amount of Rs. 2.64 Lacs, Rs. 1.32 Lacs have been recovered through GRN Nos. The balance amount of Rs 1.32 Lacs has been declared as arrear under Punjab Land Revenue Act. Recovery proceedings are under process
<b>Total</b>		<b>13</b>	<b>41.00</b>	<b>39.68</b>	<b>1.32</b>	

**Note :-** (Jagadhari) case 7 dropped out of 11 Case

**The Committee has desired that the recovery in the four cases of District Jagadhri be expedited under intimation of the Committee.**

**[24] 3.4.7.1 Ad-hoc decisions in breach cases:**

Section 36 (c) of the Punjab Excise Act, 1914, as applicable to Haryana provides that the authority granting any license, permit or pass under this Act may cancel or suspend it, in the event of any breach by the holder of such license. Further, Rule 37 (36) of Haryana Liquor Rules (HLL) Rules, provides that if a licensee becomes liable to cancellation under any law for the time being in force, the competent authority may either (i) cancel the license and make such arrangements as he may think fit for carrying on the business for which the license was granted and any fee paid or deposit made in respect thereof shall be forfeited to Government. (ii) permit the licensee to retain the license on payment of such further fee as he may deem fit to accept. Under Rule 37 (37) of HLL Rules, "On the cancellation or determination of any license, the licensee or his representative shall cease to carry on his business under it and shall return his license to the Collector".

During test check of records of breach cases in the offices of 11 test checked DETCs (Excise) for the period 2019-20 and 2020-21, the following deficiencies in deciding the breach cases were noticed:

**(i) Delay at different levels**

In the 11 DETCs (Excise) test checked, there were a total of 1123 breach cases. Out of these, 138 cases<sup>16</sup> (100 *per cent* of cases of Panipat and Sonipat) of breach of Rules/License for the period 2019-20 and 2020-21 were checked in detail. The delays in handling breach cases are mentioned in Table 7 below:

**Table 7: Delays in deciding breach cases**

Year	Number of cases	No. of Days			
		Decision on breach cases by collector			Time for Dispatch of pronounced orders of collector
		Range	Average	Median	
2019-20	38	166 to 265	101	56	14 to 134
2020-21	100	5 to 122	61	48	0 to 38

Source: Compiled from Departmental records

Delays in deciding the cases (between five to 265 days) resulted in delay in recovery of penalty imposed on the licensee and allowed the licensees to continue their business activity even after commitment of breach of law. Thereafter, the delays in dispatch of orders (upto 134 days) after decision of Collector, reflects gaps in internal control mechanism in the Department.

**(ii) Issuance of permit/pass even after cancellation of license**

As per order of Collector (Excise)-cum-JETC, Haryana, in case of cancellation of license under section 36 (C) of Punjab Excise Act, the amount of security was required to be forfeited and cancellation of license and forfeiture of security stood revoked on payment of penalty as decided by the Collector. It was noticed that 547 permits/passess<sup>17</sup> in respect of four licensees were approved between March 2021 to June 2021 by the AETOs even after their licenses had been cancelled, in violation of Rule 37(37) of HLL Rules. Audit noticed that the Department did not have any manual or IT enabled mechanism to ensure prevention of such cases. Reply had not been received on this point.

**(iii) Non- recovery of penalty**

During 2019-20 and 2020-21, shortage of liquor was detected by the Department from the godowns of wholesale licensees. Accordingly, breach cases of licenses were prepared and sent to Head office, Panchkula for further decision. The Collector (Excise) cum JETC, Haryana decided these cases and penalty of ₹ 39.68 crore was imposed against 60 licensees in eight districts<sup>18</sup> (**Appendix-XVI**). The Department did not initiate any recovery proceedings against the licensees.

The DETC (Excise) Panipat, Sonipat (October 2021) and Rewari (December 2021) stated that efforts are being made to recover the penalty as imposed by the collector. The DETC (Excise) Gurugram (East) (November 2021) and DETC (Excise) Faridabad intimated (December 2021) recovery would be made after verifying the facts.

**The department in its written reply stated that as under: -**

Section 36 (c) of the Punjab Excise Act, 1914, as applicable to Haryana provides that the authority granting any license, permit or pass under this Act may cancel or suspend it, in the event of any breach by the holder of such license. Further, Rule 37 (36) of Haryana Liquor Rules (HLL) Rules, provides that if a licensee becomes liable to cancellation under any law for the time being in force, then competent authority may either (i) cancel the license and make such arrangements as he may think fit for carrying on the business for which the license was granted and any fee paid or deposit made in respect thereof shall be forfeited to Government. (ii) permit the licensee to retain the

license on payment of such further fee as he may deem fit to accept. Under Rule 37 (37) of HLL Rules, "On the cancellation or determination of any license, the licensee or his representative shall cease to carry on his business under it and shall return his license to the Collector".

During test check of records of breach cases in the offices of 11 tests checked DETCs (Excise) for the period 2019-20 and 2020-21, the following deficiencies in deciding the breach cases were noticed:

(i) Delay at different levels

In the 11 DETCs (Excise) test checked, there were a total of 1123 breach cases. Out of these, 138 cases<sup>16</sup> (100 per cent of cases of Panipat and Sonapat) of breach of Rules/License for the period 2019-20 and 2020-21 were checked in the detail. The delays in handling breach cases are mentioned in Table 7 below:-

**Table 7 : Delays in deciding breach cases**

Year	Number of Cases	No. of days			
		Decision on breach cases by Collector			Time for dispatch of pronounced orders of collector
		Range	Average	Median	
2019-20	38	166 to 265	101	56	14 to 134
2020-21	100	5 to 122	61	48	0 to 3

Delays in deciding the cases (between five to 265 days) resulted in delay in recovery of penalty imposed on the licensee and allowed the licensees to continue their business activity even after commitment of breach of law. Thereafter, the delays in dispatch of orders (upto 1344 days) after decision of Collector, reflects gaps in internal control mechanism in the Department.

**REPLY OF THE DEPARTMENT.**

In this regard, it is submitted that an online breach case updation module has been developed by the Department for better tracking of breach cases. There is no delay in disposal of breach cases for the last policy year i.e. 2022-23 and current policy year 2023-24.

**(ii) Issuance of permit/pass even after cancellation of license.**

As per order of Collector (Excise)-cum-Jt. Excise & Taxation Commissioner, Haryana, in case of cancellation of license under section 36 (C) of Punjab Excise Act, the amount of security was required to be forfeited and cancellation of license and forfeiture of security stood revoked on payment of penalty as decided by the Collector. It was noticed that 547 permits/passess<sup>17</sup> in respect of four licensees were approved between March 2021 to June 2021 by the AETOs even after their licenses had been cancelled, in violation of Rule 37 (37) of HLL Rules, Audit noticed that the Department did not have any manual or IT enabled mechanism to ensure prevention of such cases. Reply had not been received on this point.

**REPLY OF THE DEPARTMENT.**

In this regard, it is submitted that directions have been issued to all the DETCs (Excise), in case of issuance of any permit /passes issued by the concerned

officer/official after receipt of breach case order from the office without effecting recovery from such licensees.

(iii) **Non recovery of penalty**

During 2019-20 and 2020-21, shortage of liquor was detected by the Department from the godowns of wholesale licensees. Accordingly, breach cases of licenses were prepared and sent to Head office, Panchkula for further decision. The Collector (Excise) cum JETC, Haryana decided these cases and penalty of Rs. 39.68 crore was imposed against 60 licensees in eight districts <sup>18</sup> (Appendix-XVI). The Department did not initiate any recovery proceedings against the licensees.

**Appendix XVI**

**(Refer Paragraph No. 3.4.7.1 (iii))**

**Details showing non-recovery of penalty imposed in the event of breach of license for the year 2019-21.**

Sr. No.	Name of DETCs (Excise)	Year	Number of cases	Month of detection/dispatch	Month of order of Collector	Amount of penalty
1.	Panchkula	2019-20	01	May 2020	October 2020	33, 52, 600
2.	Jagadhari	2019-20	13	May 2020-February 2021	October 2020-April 2021	10, 86, 91, 639
3.	Karnal	2019-20	02	May 2020	October 2020	5, 22, 30, 500
4.	Panipat	2019-20	04	May 2020	January 2021-February 2021	7, 19, 66, 300
		2020-21	04	March 2021-May 2021	April 2021-June 2021	4, 14, 49, 814
5.	Sonipat	2019-20	03	May 2020	October –November 2020	6, 46, 64, 500
		2020-21	01	August 2020	October 2020	46, 31, 379
6	Guurugram (E)	2019-20	27	May 2020	November 2020	26, 32, 680
7	Faridabad	2019-20	04	April 2020	November 2020	3,64,55,700
8	Rewari	2019-20	01	May 2020	October 2020	1,06,90,800

The DETC (Excise) Panipat. Sonipat (October 2021) and Rewari (December 2021) stated that efforts are being made to recover the penalty as -imposed by the collector. The DETC (Excise) Gurugram (East) (November 2021) and DETC (Excise) Faridabad intimated (December 2021) recovery would be made after verifying the facts.

**REPLY OF THE DEPARTMENT.**

Sr. No.	Name of DETCs (Excise)	Year	Number of cases	Month of detection/dispatch	Month of order of Collector	Amount of penalty	Recovery	Balance
1.	Panchkula	2019-20	01	May 2020	October 2020	33, 52, 600	30,52,600	3,00,000

2.	Jagadhari	2019-20	13	May 2020-February 2021	October 2020-April 2021	10, 86, 91, 639	16687864	92003775
3.	Karnal	2019-20	02	May 2020	October 2020	5, 22, 30, 500	40, 000, 00	48, 23, 0500
4.	Panipat	2019-20	04	May 2020	January 2021-February 2021	7, 19, 66, 300	0	7,19.66,300
		2020-21	04	March 2021- May 2021	April 2021-June 2021	4, 14, 49, 814	12189741	29260073
5.	Sonipat	2019-20	03	May 2020	October – November 2020	6, 46, 64, 500	-	64664500
		2020-21	01	August 2020	October 2020	46, 31, 379	4631379	0
6	Gurugram (E)	2019-20	27	May 2020	November 2020	26, 32, 680	---	2632680
7	Faridabad	2019-20	04	April 2020	November 2020	3,64,55,700	---	36455700
8	Rewari	2019-20	01	May 2020	October 2020	1,06,90,800	--	10690800
Grand Total						39, 67, 65, 912	40561584	356204328

**The Committee has desired that the recovery be expedited under intimation of the Committee.**

**[25] 3.4.7.2 Seizure of illicit liquor:**

**(i) Delay in imposing/non-recovery of penalty:**

During scrutiny of records of the office of six DETCs (Excise), it was noticed that a penalty amounting to ₹ 83.17 lakh on accounts of seizure of illicit liquor by the Excise Department was outstanding (**Appendix-XVII**). Though, the Department had imposed the penalty, there were no efforts on part of the Department to ensure the timely recovery of outstanding penalty.

The DETC (Excise) Sonipat (October 2021) and DETC (Excise) Hisar (December 2021) stated that efforts were being made to recover the outstanding amount of penalty.

**The department in its written reply stated that as under: -**

**(i) DELAY IN IMPOSING/NON-RECOVERY OF PENALTY :**

During scrutiny of records of the office of six DETCs (Excise), It was noticed that a penalty amounting to 83.17 lakh on accounts of seizure of illicit liquor by the Excise Department was outstanding (Appendix-XVII). Though, the Department had imposed the penalty there were no efforts on part of the Department to ensure the timely recovery of outstanding penalty.

## APPENDIX XVI

## REFER PARAGRAPH NO. 3.4.7.2 (I)

## DETAILS OF SEIZURE OF ILLICIT LIQUOR DURING 2019-21.

Sr. No.	Name of the DETCs	Period	Outstanding amount of penalty	No. of cases	Delay in imposing penalty (in days)
1.	Faridabad	2020-21	0	-	0 to 810
2.	Gurugram (W)	2019-20	20,59, 200	04	NIL
3.	Hisar	2019-20	13, 85, 000	04	NIL
4.	Panchkula	2020-21	0	-	88 to 1517
5.	Panipat	2019-20	25, 00,000	01	30 to 510
6.	Sonipat	2019-20	23, 60, 450	07	0 to 660
		2020-21	12, 000	01	0 to 840
			8316650	17	

## REPLY OF THE DEPARTMENT.

## DISTRICT: FARIDABAD

**Para No. 3.4.7. 2 (i)** It is submitted that this office has imposed and recovered the penalties in all cases on the same day as produced by the police department therefore no delay has occurred at the end of the excise office. The office has also pointed out the unreasonable delay on every occasion for producing the liquor and the offender, the police department has taken the excuse of work load in the police stations and non availability of the offenders.

**The Committee has desired that fresh reply with latest status be submitted for consideration of the Committee.**

**[26] 3.4.7.3 Destruction/storage of seized liquor:**

Section 47 of Punjab Excise Act (as applicable to Haryana) provides that any authorised officer of the Excise, Police, may arrest without warrant any person found committing an offence punishable, under Section 61, or Section 63, and may seize and detain any intoxicant which he has reason to believe to be liable to confiscation under the Act. Further, the department had issued instructions for destruction of confiscated liquor in August 2015 and November 2019 vide which permission of the Collector (Excise) was required to be taken before destruction of confiscated liquor within a fortnight of the commencement of every quarter of the financial year, for the cases pertaining to the previous quarter.

During scrutiny of records of the office of three DETCs (Excise) for the period 2019-21, it was noticed that the department had not issued any instructions on storage of seized illicit liquor. Details of destruction of seized illicit liquor for the period 2019-21 are shown in Table 8 below:

**Table 8: Delay in destruction of confiscated liquor**

Sr. No.	Name of the DETCs	Period of seizure	Permission for destruction sought from ETC Office	Permission received from ETC Office	Delay in destruction of liquor (in months)
1	Panipat	July 2017 to March 2018	May 2019	June 2019	10 to 34
		April 2018 to March 2020	February 2021	March 2021	
2	Sonipat	January 2018 to August 2018	December 2018	January 2019	01 to 22
		August 2018 to June 2020	June 2020	August 2020	
		February 2019	December 2020	January 2021	
3	Faridabad	April 2018 to March 2019	April 2019	May 2019	01 to 14
		April 2019 to September 2019	November 2019	December 2019	
		October 2019 to March 2020	December 2020	December 2020	

**Source: Compiled from Departmental records**

Thus, seized illicit liquor was destroyed with a delay ranging from one to 34 months despite clear instructions from the head office. Delay in destroying the seized illicit liquor was also fraught with the risk of theft of liquor. Two cases of theft of liquor have been detailed below:

(i) A firm was granted a license of L-I-AB<sup>20</sup> in 2016-17. The premises of licensee were checked in August 2016 and irregularities were noticed by the Department in the form of shortage of stock. The Collector-cum-AETC (HQ) cancelled the license in September 2016 and ordered the forfeiture of the security along with transferring the liquor to Seema Theatre. The godown was sealed in October 2016 by the office of DETC (Excise), Panipat. At the time of sealing, physical stock of the firm was 5,539 cases. The firm appealed before ETC, Panchkula, which was dismissed in December 2016. Further, against the order of ETC, Panchkula, appeal was filed before State Government which was decided with a direction that the license of the licensee would be restored if the firm paid a penalty of ₹ 2.22 crore. The firm moved to the High Court of Punjab and Haryana and the appeal of the firm was disposed of in December 2018 without any relief.

In the meantime, the godown, which had been sealed in October 2016 was not monitored by the Department. The officer of the Excise Department, who had sealed the godown left the control of the godown to a private person *i.e.* the manager of the godown. Effectively, the control of the stock was left to the individual against whom the department had taken action in the form of cancelling the license. Further, even after the order of cancellation of license by the Collector, the cases of liquor sealed at godown

were not transferred to the designated place of storage *i.e.* Seema Theatre which facilitated in theft of the stock as depicted in the Table 9 below:

**Table 9: Details of theft of confiscated stock**

Sealed stock of firm (October 2016): 5,539 cases		
Date of theft	Cases of liquors found short	Action taken
07 April 2018	1,782	First Information Report (FIR) was registered. Inspection report regarding inspection of godown was not found placed on record. No personnel deployed to look after godown. Liquor not transferred to designated place of storage even after theft.
28 April 2020	2,925	No Excise/Police personnel deployed to look after godown. The left-out stock of 832 cases transferred to official godown (Seema Theatre, Panipat) in May 2020. This theft took place during COVID-19 lockdown

**Source: Compiled from Departmental records**

The DETC (Excise), Panipat stated (October 2021) that Police personnel were deployed in April 2020 to look after the sealed godown. Thus, the action which was to be taken by the DETC (Excise), Panipat in October 2016 was actually taken after the second theft took place and due to inaction on the part of Department, there had been cases of theft of liquor. In addition, the possibility of sale of such huge quantity of liquor could not be ruled out which resulted into loss to the State exchequer on account of Excise duty. It was noticed that the Department did not quantify the loss on account of such theft.

(ii) Total 3,967 cases of illicit liquor was detected on 4 February 2019 in a godown situated at Matindu Chowk, Kharkhoda. The excise team sealed the liquor at the same premises due to non-availability of space in their office premises. During checking by the joint team of Excise as well as Police (May 2020), 2,832 out of 3,967 cases of confiscated illicit liquor were found short. Audit noticed that residual illicit confiscated liquor was disposed of by the Department on 15 January 2021 *i.e.* after a delay of 21 months. Further, the Department had not shown promptness in deciding the case as a penalty of ₹ 25.80 lakh was imposed under section 61 of the Punjab Excise Act, 1914 on 10 February 2020 *i.e.* after one year of detection of illicit liquor, out of which an amount of ₹ 24.80 lakh was outstanding.

Thus, inaction on the part of DETC, Sonipat in destruction of seized illicit liquor and delay in deciding the case enabled the theft of liquor of 2,832 cases, which also resulted in loss to State exchequer. It was noticed that the Department did not quantify the loss on account of such theft.

The DETC (Excise) Faridabad (December 2021) and DETC (Excise) Sonipat stated (October 2021) that the permission for destruction of confiscated liquor was sought timely and liquor was destroyed after getting permission from the head office. The reply is not tenable as request for permission to destroy the seized illicit liquor was sought with delays and major part of delay was on part of the concerned DETC (Excise) offices.

The Special Enquiry Team (SET), constituted by the State Government vide order dated 11 May 2020 had also highlighted, *inter alia* illegal sale of liquor, non-



implementation of provisions contained in the Excise Policy of the State, failure to issue specific instructions for closure of liquor vends during lockdown period (Covid 19 related), destruction of seized liquor as well as deficiencies in timely imposition and recovery of penalty in cases of seized liquor.

**The department in its written reply stated that as under: -**

Section 47 of Punjab Excise Act (as applicable to Haryana) provides that any authorised officer of the Excise. Police may arrest without warrant any person found committing an offence punishable under Section 61 or Section 63 and may seize and detain any intoxicant which he has reason to believe to be liable to confiscation under the Act. Further, the department had issued instructions for destruction of confiscated liquor in August 2015 and November 2019 vide which permission of the Collector (Excise) was required to be taken before destruction of confiscated liquor within a fortnight of the commencement of every quarter of the financial year for the cases pertaining to the previous quarter.

During scrutiny of records of the office of three DETCs (Excise) for the period 2019-21, it was noticed that the department had not issued any instructions on storage of seized illicit liquor. Details of destruction of seized illicit liquor for the period 2019-21 are shown in table 8 below:

**TABLE 8: DELAY IN DESTRUCTION OF CONFISCATED LIQUOR**

Sr. No.	Name of the DETCs	Period of Seizure	Permission for destruction sought from Excise and Taxation Commissioner office	Permission received from Excise and Taxation Commissioner office	Delay in destruction of liquor (In month)
1.	Panipat	July 2017 to March 2018	May 2019	June 2019	10 to 34
		April 2018 to March 2020	February 2021	March 2021	
2	Sonipat	January 2018 to August 2018	December 2018	January 2019	01 to 22
		August 2018 to June 2020	June 2020	August 2020	
		February 2019	December 2020	January 2021	
3.	Faridabad	April 2018 to March 2019	April 2019	May 2019	01 to 14
		April 2019 to September 2019	November 2019	December 2019	
		October 2019 to March 2020	December 2020	December 2020	

Thus, seized illicit liquor was destroyed with a delay ranging from one to 34 months despite clear instructions from the head office. Delay in destroying the seized illicit liquor was also fraught with the risk of theft of liquor. Two cases of theft of liquor have been detailed below:

(i) A firm was granted a license of L-1-AB<sup>20</sup> in 2016-17. The premises of licensee were checked in August 2016 and irregularities were noticed by the

Department in the form of shortage of stock. The Collector-cum-AETC (HQ) cancelled the license in September 2016 and ordered the forfeiture of the security along with transferring the liquor to Seema Theatre. The godown was sealed in October 2016 by the office of DETC (Excise), Panipat. At the time of sealing, physical stock of the firm was 5,539 cases. The firm appealed before ETC, Panchkula, which was dismissed in December 2016. Further, against the order of Excise and Taxation Commissioner, Panchkula, appeal was filed before State Government which was decided with a direction that the license of the licensee would be restored if the firm paid a penalty of Rs. 2.22 crore. The firm moved to the High Court of Punjab and Haryana and the appeal of the firm was disposed of in December 2018 without any relief.

In the meantime, the godown, which had been sealed in October 2016 was not monitored by the Department. The officer of the Excise Department, who had sealed the godown left the control of the godown to a private person i.e. the manager of the godown. Effectively, the control of the stock was left to the individual against whom the department had taken action in the form of cancelling the license. Further, even after the order of cancellation of license by the Collector, the cases of liquor sealed at godown were not transferred to the designated place of storage i.e. Seema Theatre which facilitated in theft of the stock as depicted in the Table 9 below:

**Table 9: Details of theft of confiscated stock**

Sealed stock of firm (October 2016) 5,539 cases		
Date of theft	Cases of liquors found short	Action taken
07 April 2018	1,782	First Information Report (FIR) was registered. Inspection 2018 report regarding inspection of godown was not found placed on record. No personnel deployed to look after godown. Liquor not transferred to designated place of storage even after theft.
28 April 2020	2, 925	No Excise/Police personnel deployed to look after godown. 2020 The left out stock of 832 cases transferred to official godown (Seema Theatre, Panipat) in May 2020. This theft took place during COVID-19 lockdown Source

(i) The DETC (Excise), Panipat stated (October 2021) that Police personnel were deployed in April 2020 to look after the sealed godown. Thus, the action which was to be taken by the DETC (Excise), Panipat in October 2016 was actually taken after the second theft took place and due to inaction on the part of Department, there had been cases of theft of liquor. In addition, the possibility of sale of such huge quantity of liquor could not be ruled out which resulted into loss to the State exchequer on account of Excise duty. It was noticed that the Department did not quantify the loss on account of such theft

(ii) Total 3967 cases of illicit liquor were detected on 4 February 2019 in a godown situated at Matindu Chowk, Kharkhoda. The excise team sealed the liquor at the same premises due to non availability of space in their office premises. During checking by the joint team of Excise as well as Police (May 2020), 2832 out of 3967 cases of confiscated illicit liquor were found short. Audit noticed that residual illicit confiscated liquor was disposed of by the Department on 15 January 2021 i.e. after delay of 21 months. Further the Department had not shown promptness in deciding the case as a penalty of 25.80 lakh was imposed under section 61 of the Punjab Excise Act.

1914 on 10 February 2020 after one year of detection of illicit liquor, out of which an amount of Rs. 24.80 lakh was outstanding.

Thus, in action on the part of DETC. Sonipat its destruction of seized illicit liquor and delay in deciding the case enabled the theft of liquor of 2,832 cases, which also resulted in loss to State exchequer. It was noticed that the Department did not quantify the loss on account of such theft.

The DETC (Excise) Faridabad (December 2021) and DETC (Excise) Sonipat stated (October 2021) that the permission for destruction of confiscated liquor was sought timely and liquor was destroyed after getting permission from the head office. The reply is not tenable as request for permission to destroy the seized illicit liquor was sought with delays and major part of delay was on part of the concerned DETC (Excise) offices.

The Special Enquiry Team (SET), constituted by the State Government vide order dated 11 May 2020 had also highlighted, inter alia illegal sale of liquor, non-implementation of provisions contained in the Excise Policy of the State, failure to issue specific instructions for closure of liquor vends during lockdown period (Covid 19 related), destruction of seized liquor as well as deficiencies in timely imposition and recovery of penalty in cases of seized liquor.

#### REPLY OF DISTRICT PANIPAT

1. With regard to the issuance of the instructions for storage of seized liquor, it is intimated that the department has not issued such instructions.

2. With regard to the delay caused in destroying the seized liquor for the period from April 2018 to March 2020, it is humbly submitted that due to the outbreak of Covid-19 pandemic, this office could not find suitable time for fixing the meeting of the committee (consisting of four members including a member of the O/o Deputy Commissioner, Panipat), which is essential as per the instructions dated 26.11.2019. Further, there was acute shortage of excise staff during the period between 2017-2019, due to which the liquor seized between July 2017 - March 2018 could not be destroyed in time. It is humbly submitted that every instructions/guidelines/direction issued by the head office have been complied with by this office in letter and spirit and would also be fully complied in future.

3. With regard to objection, mentioned at Sr.No.3 of the referred letter, it is correct that the theft took place of the seized liquor, for which the excise officer had immediately lodged FIR in the case. It is brought to your notice that the instructions/guidelines with regard to the handling of seized liquor may also be issued at the earliest so that no such untoward incident may take place in future. It is also pointed out that no revenue loss seems to have been caused to the State Exchequer from the theft of seized liquor.

#### REPLY OF DISTRICT SONEPAT.

1. It is submitted that the department had not issued any instructions regarding storage of seized liquor.

2. It is submitted that in compliance of instructions issued by head office, a committee comprising of representative of the Deputy Commissioner of this district, Jt.

ETC (Range), Ld. DETC (Excise) and DETC (ST) and senior ETO/AETO was constituted, but due to heavy work load, destruction was made after the stipulated time. Since, this is multi department exercise so it takes time.

3. In reply to para no. 03, it is intimated that as per Haryana Penalty, Imposition and Recovery Rules, 2003, once the liquor is seized, penalty is imposed. And after getting the permission for destruction of seized liquor, the constituted committee of the department monitors the procedure of destruction and neither the seized liquor is sold, auctioned nor given back to the offender even after imposition of penalty. In present case penalty has been imposed on the seized liquor. Moreover, the seized liquor was under the supervision / lock and key of police staff and regarding theft of seized liquor, an FIR had also been registered. Hence, it cannot be said that there is a loss to the state exchequer due to delay in penalty proceedings.

Reply of District Faridabad.

It is submitted that the seized liquor stock was a small quantity therefore, the permission of destruction was sought delay due to practical aspects i.e. engagement of labor transfer of stock, identification of suitable location and also require representation of Deputy Commissioner. In all three cases, destruction process was completed without any deliberate delay. The delay did not lead to any loss of revenue. However, this office will ensure the compliance of all the directions issued in this regard.

**3.4.7.3 (ii)** It is submitted that for balance amount of Rs. 24.80 lakh recovery proceedings were initiated against the defaulter by issuing notices vide No. 1168/ Excise Dated 14.02.2020, 147/ Excise Dated 16.05.2020, 801/Excise Dated 28.08.2020. An amount of Rs. 15000/- has been recovered vide GRN 91045728 dt. 03.06.2022. For recovery of balance amount of Rs. 24.65 lakh, letter has also been written to the Tehsildar, Kharkhoda vide this memo no. 117/Excise dated 09.05.2020 for seeking the details of immovable properties held by the defaulter. Subsequent reminders have also been sent to Tehsildar, Kharkhoda vide memo No. 343/Excise dated 12.06.2020, 801/Excise dated 28.08.2020 and last reminder sent to Tehsildar, Kharkhoda vide this office memo No. 2279/Excise dated 28.12.2023.

**The Committee has desired that an updated reply with regard to the destruction and storage of seized liquor be submitted for further consideration of the Committee.**

## Revenue and Disaster Management

### [27] 4.2 Results of Audit:

Test check of the records of 43 out of 143 units of the Revenue Department during 2020-21 revealed non/short levy of stamp duty and registration fee etc. and other irregularities amounting to Rs. 20.47 crore (0.34 per cent of receipt of Rs. 6,013.30 crore for 2019-20), in 715 cases, which fall under the following categories as mentioned in the Table 4.1.

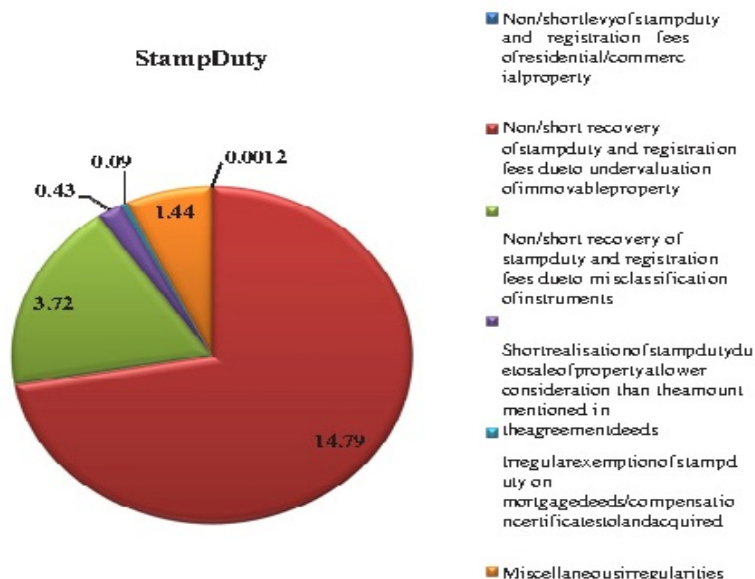
**Table-4.1: Result of Audit**

Sr. No.	Categories	Revenue	
		Number of cases	Amount (Rs. in crore)
1.	Non/short levy of stamp duty and registration fee on registration of residential/commercial property	1	0.0012
2.	Non/short recovery of stamp duty and registration fee due to undervaluation of immovable property misclassification of instruments		
		337	14.79
		258	3.72
3.	Short realisation of stamp duty due to sale of property at lower consideration than the amount mentioned in the agreement deeds	23	0.43
4.	Irregular exemption of stamp duty on mortgage deeds/compensation certificates to land acquired	10	0.09
5.	Miscellaneous irregularities	86	1.44
	<b>Total</b>	<b>715</b>	<b>20.47</b>

Source: Data compiled by office

Chart 5.1 Result of Audit

(Rs. In crore)



The Department accepted under-assessment and other deficiencies amount to Rs. 11.84 crore involved in 328 cases which were pointed out during the year. The Department recovered Rs. 0.06 crore involved in 15 cases pertaining to previous years.

Significant cases involving Rs. 12.12 crore are discussed in the following paragraphs.

**The department in its written reply stated that as under: -**

Relates to result of audit wherein it has been stated by the office of PAG (Audit) Haryana, Chandigarh that test check of the records of 43 out of 143 units of the Revenue Department during 2020-21 revealed non/short levy of stamp duty and registration fee etc. and other irregularities **in 715 cases amounting to Rs 20.47 crore**, which have been divided into five categories such as namely Non/short levy of stamp duty and registration fee on registration of residential/commercial property, Non/short recovery of stamp duty and registration fee due to undervaluation of immovable property, misclassification of instruments, Short realization of stamp duty due to sale of property at lower consideration than the amount mentioned in the agreement deed, Irregular exemption of stamp duty on mortgage deeds/compensation certificates to land acquired and Miscellaneous irregularities. Further, it is accepted by this Department that under-assessment and other deficiencies amount to Rs.11.84 crore involved in 328 cases which were pointed out during the year 2019-20. However, this department recovered Rs 0.06 crore in 15 cases has been made pertaining to previous years. In 715 cases deficiency of stamp duty and registration fee Rs. 20.47 crore pointed out by A.G. Audit party during result of audit is being pursued in the various courts of Collectors in the State for early decision and recovery thereof under section 47-A of the Indian Stamp Act, 1899. Progress of Result of audit can be seen as under:-

Sr. No.	Categories	Number of cases	Amount Rs in Crore
	Recovery made by Department	52	0.23
	Dropped by Collector	20	0.52
	Recovery pending as an arrear of Land Revenue	73	2.02
	Pending with Collector u/s 47-A	570	17.70
	<b>Total</b>	<b>715</b>	<b>20.47</b>

In Significant cases involving Rs.12.12 crore categories wise are replied in the next paragraphs

**The Committee has desired that an updated reply with regard to all issues be submitted at the earliest for consideration of the Committee.**

**[28] 4.3 Irregular remission of stamp duty:**

Irregular remission of stamp duty in 23 instruments of transfer deeds in favour of persons other than blood relations resulted in loss of revenue of Rs. 23.64 lakh to the State exchequer.

As per Section 3 of the IS Act, instruments are chargeable with duty subject to the provisions of the IS Act and the exemptions contained in Schedule-I of the IS Act, of the amount indicated in that Schedule as the proper duty. The State Government has power to reduce, remit or compound duties as per Section 9 of the IS Act by rule or order published in the Official Gazette. As per Government order of 16 June 2014, the

Government would remit the stamp duty chargeable on the instrument if it pertained to transfer of immovable property within the family by an owner during his lifetime to any of the blood relations namely parents, children, grandchildren, brother (s), sister (s) and between spouse.

Scrutiny of records (13,471 cases out of 69,656 cases) of the registered documents of transfer deeds in respect of nine Sub Registrars/Joint Sub Registrars (SRs/JSRs) (between March 2019 and December 2020) for the years 2017-20 revealed that 23 instruments of transfer deeds were executed in favour of persons ("cousin brother", "chachera uncle", "bhanja", "nephew" and "bua" as verified from the deed/document of transfer of immovable properties) other than those allowed in the above orders of Government. The Government remitted the stamp duty (SD) in these instruments. This irregular remission of stamp duty resulted in loss of revenue to the State exchequer of Rs. 23.64 lakh (SD Rs. 21.29 lakh + RF Rs. 2.35 lakh).

On this being pointed out, SR Pundri intimated (February 2022) that an amount of Rs. 0.07 lakh had been recovered in one case. SR Thanesar intimated (February 2022) that Collector had decided the case for Rs. 2.58 lakh and notice for recovery had been issued. SR Nilokheri intimated (February 2022) that the case would be sent to the Collector under Section 47-A of the IS Act for decision. Remaining SRs/JSRs<sup>2</sup> intimated (February 2022) that the cases had been sent to the Collectors between May 2018 and February 2021 under Section 47-A of the IS Act for decision.

During exit conference held in March 2022, the Department admitted the audit observations.

The Department may design its systems in such a way that any registration made beyond permitted blood relations are identified automatically and stamp duty may be evaluated accordingly.

**The department in its written reply stated that as under: -**

		No. of cases	Amt (in lakh)
1	Recovery made by department	2	0.58
2	Amount dropped by Collectors	4	8.00
3	Recovery is pending u/s 48 of the said Act	1	<b>2.57</b>
4	Pending in courts of Collectors u/s 47-A for decision	26	41.11
	Total	33	52.26

This para relates to Irregular remission of stamp duty - loss of revenue of Rs. 52.26 lakh in 33 instruments of transfer deeds in favour of persons other than blood. The progress report of this para is as under

The Audit Report of Accountant General (Audit) Haryana, Chandigarh has been received on 07.01.2022 which have been sent to Deputy Commissioners Kurukshetra, Kaithal, Ambala, Yamunanagar, Karnal, Sonapat, Rohtak, Hissar for necessary action on 08.02.2022 and have been reminded vide letter dated 06-02-2023, 07-06-2023, 12-07-2023, 21-07-2023, 27-07-2023, 28-07-2023, 03-08-2023, 11-08-2023, 12-09-2023, 15-09-2023, 18-09-2023, 27-09-2023 and 03-10-2023. Further, FCR & ACS directed to all the Deputy Commissioners of State through Video Conferencing on

20.11.2023 and 12-01-2024 for quick disposal of pending Court Cases and recovery thereof before the Collectors under section 47-A (4) of the said Act.

All the Collectors and Divisional Commissioners of the State have been directed vide Memo No. 1564-STR-3-2023/4730, dated 17-05-2022 and letter dated 05-01-2024 (copy enclosed) to hold the courts on regular basis for disposal of cases under section 47-A. Further, it has been directed to all the District Collectors in the state that special campaign in the matter be launched to effect the recovery in already decided cases by the collectors of the said Act and monthly review be conducted for the purposes i.e. disposal of court cases as well as the recovery thereof. It has also been directed to all the Deputy Commissioners in the state that a special campaign be initiated for disposal all the court cases concerned by assigning the cases to the other offices who have been empowered with the powers of the Collectors under section 47-A of the said Act, i.e. like Additional Deputy Commissioners, City Magistrate, DRO, SDO (Civil) etc, by rationalizing the work in view of number of cases in the Sub-Divisions of the districts.

**The Committee has desired that an updated reply containing case wise details be provided at the earliest. Besides, the Committee be also informed as to whether the special campaign is going on or not and recovery be expedited under intimation of the Committee.**

**[29] 4.4 Short levy/collection of two per cent additional stamp duty levied by/for Municipal Corporations/Gram Panchayats and Zila Parishads:**

Registering Authorities registered 197 Sale Deed in areas of Municipal Corporations/Gram Panchayats without charging/ levies at the rate of two *per cent* on transaction value in addition to Stamp duty under Haryana Municipal Corporation Act, 1994 resulting into short levy of Stamp Duty of Rs. 5.71 crore.

**A.** As per Section 87 (1) (C) of the Haryana Municipal Corporation Act 1994, a duty is charged on the transfer of immovable properties situated within the limits of the municipal area in addition to the duty imposed under the IS Act, as in force for the time being in the State of Haryana, on every instrument of the description specified there in and at such rate, as the Government may, by notification direct. The Departmental web-HALRIS system compute/ calculate due amount of the Stamp Duty payable for the registration of the documents. The system itself identifies the villages falling within the Municipal Corporation (MC) limits for levy of additional Stamp Duty of two *per cent*.

The Registrar or Sub Registrar collects the said duty in the shape of non- judicial stamp paper at the time of registration of the document and intimation thereof is to be sent to the MC immediately. This duty so collected is to be paid to the MC vide Notification No. 9/33/2000-5CI dated 11 March 2004, Government levied two *per cent* duty for the purpose of above said clause with effect from 25 February 2004.

The Urban Local Body (ULB) Department, Government of Haryana vide Notification constituted a new Municipal Corporation, Manesar with 29 villages and vide Notification, included 16 villages in Municipal limits of Municipal Corporation, Gurugram.

During Scrutiny of records (2,358 cases out of 1,44,582 cases) of seven<sup>5</sup> SRs/JSRs (between June and August 2021) of Gurugram District for the year 2019-21, it was revealed that 173 instruments falling within area of these two MCs were registered with a value of ₹ 277.19 crore and stamp duty of ₹ 12.44 crore was levied against leviable amount of ₹ 17.94 crore. These MC villages were not updated timely in



the Web-HALRIS system which resulted in short levy of SD of ₹ 5.50 crore in respect of areas falling in these two Municipal Corporations.

On this being pointed out, SR Manesar intimated (February 2022) that an amount of Rs. 42.78 lakh had been recovered in 20 cases. Remaining SRs/JSRs intimated (February 2022) that the cases had been sent to the Collector under Section 47-A of the IS Act for decision.

**B.** The Government of Haryana vide Notification imposed a duty at two *per cent* of the amount specified on each instrument i.e. sale, gift, mortgage and other transfer of immovable property for transfer of property in the form of surcharge on the stamp duty situated in Sabha Area effective after 15 days from the date of publication under Section 41 of The Haryana Panchayati Raj Act, 1994. The duty so collected by the Registrar or Sub Registrar was to be remitted in equal proportion to the concerned Gram Panchayat and Zila Parishad. The amounts collected in areas falling within Gurugram Metropolitan Development Authority (GMDA) was required to be remitted, in equal proportion, to the concerned Gram Panchayat and GMDA.

During scrutiny of records (157 cases out of 15,484 cases) of SR, Sohna (July 2021) of Gurugram District for the year 2019-21, it was observed that 24 instruments falling outside the area of the concerned Municipal Corporation i.e. falling under the Sabha area were registered valuing the instruments at ₹ 10.85 crore and levying stamp duty of ₹ 0.42 crore. However, in these cases, stamp duty of ₹ 0.63 crore was leviable. Thus, non-levy of additional two *per cent* stamp duty resulted in short levy of stamp duty ₹ 0.21 crore.

On this being pointed out, SR Sohna intimated (February 2022) that an amount of Rs. 3.52 lakh had been recovered in two cases. Remaining SRs/JSRs intimated (February 2022) that the cases had been sent to the Collector under Section 47-A of the IS Act for decision.

During exit conference in March 2022, the Department admitted the audit observations.

The Department may put in place systems and procedures to ensure that the notifications of the Government are implemented from the effective dates to prevent loss of revenue.

**The department in its written reply stated that as under: -**

This para relates to Short levy/collection of two percent additional Stamp Duty Rs. 5.71 Crore in 197 cases levied by/for Municipal Corporation/Gram Panchayats and Zila Parishads. The progress report of this para is as under: -

	No. of cases	Amt (in crore)
1 Recovery made by department	42	0.77
2 Recovery is pending u/s 48 of the said Act	25	1.05
3 Dropped by Collector	01	0.004
3 Pending in courts of Collectors u/s 47-A for decision	129	3.89
Total	197	5.71

**The Committee has desired that the notification with regard to Collector Rates within and outside MC areas be updated without any delay; pending cases be concluded in a time bound manner and recovery be expedited under intimation of the Committee.**

**[30] 4.5 Short levy of stamp duty to under valuation of immovable property:**

Eighty-three deeds were registered on the rates fixed by the Collector for agricultural land on which stamp duty and registration fee of Rs. 2.36 crore was levied instead of leviable at Rs. 7.29 crore as per land records (Jamabandis), resulting in short levy of stamp duty and registration fee of Rs. 4.93 crore.

Section 27 of the IS Act stipulates that consideration and all other facts and circumstances affecting the chargeability of any instrument with duty, or the amount of the duty with which it is chargeable, shall fully and truly set forth therein. Further, Section 47-A of the IS Act, if the registering officer has reasons to believe that the value of the property or the consideration, has not been truly set forth in the instrument, he may, after registering such instrument, refer the same to the Collector for determination of the value or consideration, as the case may be and the proper duty payable thereon.

On scrutiny of records (23,990 cases out of 1,20,076 cases) of 11 SRs/JSRs (between July 2020 and January 2021), it was noticed that 83 sale deeds registered between April 2018 and June 2020 were assessed at the rates fixed by the Collector for agricultural land valuing these properties at ₹ 42.79 crore, on which stamp duty (SD) and registration fee (RF) of ₹ 2.36 crore (SD ₹ 2.25 crore + RF ₹ 0.11 crore) were levied. However, as per land record/khasra numbers given in the Collector's rate lists/records of registered document/Patwari site inspection report, these immovable properties were residential/commercial properties. The value of these immovable properties were liable to be assessed by the Collector at the rates fixed for residential/commercial properties at ₹ 114.83 crore on which stamp duty and registration fee of ₹ 7.29 crore (SD ₹ 7.01 crore + RF ₹ 0.28 crore) were leviable. This resulted in short levy of stamp duty and registration fee of ₹ 4.93 crore (SD ₹ 4.76 crore + RF ₹ 0.17 crore).

On this being pointed out, SR Jagadhri intimated (February 2022) that four cases had been decided by the Collector but recovery was pending. All remaining SRs/JSRs intimated (February 2022) that cases had been sent to the Collector (between April 2018 and February 2021) under Section 47-A of the IS Act for decision.

The Department stated in the Exit Conference held in March 2022 and in response in April 2022 that an amount of ₹ 17.64 lakh had been recovered in two cases of SR Dhand and also stated that the matter was under consideration and directed all the District Revenue Officers (DROs) to verify all the cases.

The Government may take steps to strengthen internal audit to ensure timely detection and correction of errors in levy and collection of revenue and avoid recurrence of mistakes pointed out.

**The department in its written reply stated that as under: -**

This para relates to Short levy of Stamp Duty and Registration Fees Rs. 4.96 Crore in 85 cases due to undervaluation of immovable property. The progress report of this para is as under:-

		No. of cases	Amt (in cr)
1	Recovery made by department	4	0.17
2	Recovery is pending u/s 48 of the said Act	14	0.78
3	Dropped by Collector	1	0.02
3	Pending in courts of Collectors u/s 47-A for decision	66	3.99
	Total	85	4.96

**The Committee has desired that the cases pending under Section 47-A be concluded in a time bound manner as the instructions issued by the department itself under intimation of the Committee.**

**[31] 4.6 Short levy of stamp duty due to application of incorrect rate of immovable property:**

Registering Authorities assessed 18 sale deeds of plots falling within municipal limits with an area less than 1,000 square yards at rates fixed for agricultural land instead of residential land, resulting in short levy of stamp duty and registration fee of Rs.0.53 crore:

In order to check evasion of stamp duty (SD) in sale deeds, the Government issued instructions in November 2000 to all registering authorities in the State to the effect that agricultural land sold within municipal limits, with an area less than 1,000 square yards or in case where purchasers were more than one and the share of each purchaser was less than 1,000 square yards, be valued at the rates fixed for residential property of that locality for the purpose of levying stamp duty and Registration Fee (RF).

Scrutiny of records of 17,749 cases out of 87,536 cases (between February 2019 and December 2020) of nine registering offices<sup>8</sup> showed that 18 sale deeds of plots falling within the parameter of notification, *ibid*, were registered between May 2017 and February 2020. These deeds were liable to be assessed for ₹ 10.12 crore based on the rates fixed for residential areas and SD and RF of ₹ 0.74 crore (SD ₹ 0.69 crore and RF ₹ 0.05 crore) was leviable. However, the registering authorities assessed these deeds for ₹ 3.66 crore based on the rates fixed for agricultural land and levied SD of ₹ 0.21 crore (SD ₹ 0.19 crore + RF ₹ 0.02 crore). This resulted in short levy of SD and RF ₹ 0.53 crore (SD ₹ 0.50 crore + RF ₹ 0.03 crore).

On this being pointed out, SR Jagadhri intimated (February 2022) that three cases had been decided by the Collector but recovery was pending. All remaining SRs/JSRs intimated (February 2022) that cases had been sent to the Collector (between June 2020 and October 2021) under Section 47-A of the IS Act for decision.

The Department stated in the Exit Conference held in March 2022 and in reply in April 2022 that an amount of ₹ 2.13 lakh had been recovered in one case of SR Rai. It further stated that the matter was already under consideration for amendments in the instructions.

**The department in its written reply stated that as under: -**

This para relates to Short levy of stamp duty and Registration Fees Rs.0.74 Crore in 23 cases due to application of incorrect rates of immovable property. The progress report of this para is as under:-

		No. of cases	Amt (in Crore)
1	Recovery made by department	1	0.020
2	Recovery is pending u/s 48 of the said Act	6	0.50
3	Pending in courts of Collectors u/s 47-A for decision	16	0.21
	Total	23	0.74

**The Committee has desired that an updated reply to this para be submitted at the earliest possible for consideration of the Committee.**

**[32] 4.7 Short levy of stamp duty due to application of normal rates on prime khasra land:**

Registering Authorities incorrectly assessed prime khasra land at normal rates fixed for agricultural land, resulting in short levy of stamp duty of Rs.0.50 crore.

Government of Haryana vide instructions (November 2000) directed all the Registration Authorities of state to identify the Khasra numbers of agricultural/residential/commercial lands situated on National Highways, State Highways and link roads by District Level Evaluation committee. Further, Haryana Government issued instructions in September 2013 for constituting district level committees comprising of officers of Revenue Department and Municipal Committees for evaluating different categories of land for fixing collector rates. Further, Section 27 of the IS Act as applicable to the State of Haryana, provides that consideration and all other facts and circumstances affecting the chargeability of any instrument with duty or the amount of duty chargeable, should be fully or truly set forth in the instrument.

Scrutiny of the records of 24 SRs/JSRs<sup>9</sup> revealed (between January 2018 and January 2021) that 83 conveyance deeds were registered between July 2016 and February 2020 situated in prime khasra as per land revenue record which were liable to be assessed for Rs. 33.73 crore based on the higher rate fixed for prime land on which Stamp Duty (SD) of Rs. 1.36 crore and Registration Fee (RF) of Rs. 0.13 crore were leviable. However, due to non-mapping of prime khasra in the concerned IT application used by the Departments, the immovable properties were incorrectly valued at Rs. 23.99 crore on the basis of normal rates and SD of Rs. 0.90 crore and RF of Rs. 0.09 crore were levied, which resulted in short levy of SD and RF of Rs. 0.50 crore.

On this being pointed out, eight SRs/JSRs<sup>10</sup> intimated (February 2022) that an amount of Rs. 5.20 lakh had been recovered in 16 cases. 15 cases SRs/JSRs<sup>11</sup> intimated (February 2022) that cases had been sent to the Collector under Section 47-A of the IS Act for decision. SRs/JSR Nilokheri intimated that cases would be sent to Collector under Section 47-A of the IS Act for decision.

The Department in the Exit Conference held in March 2022 and in reply, in April 2022, admitted the audit observations.

The Department may identify and record the khasra number of prime land and colonies/ward/sectors in the concerned IT application for proper evaluation of stamp duty.

**The department in its written reply stated that as under: -**

This para relates to short levy of stamp duty and Registration Fees Rs. 51.00 lakh in 85 cases due to application of normal rates on prime khasra land. The progress report of this para is as under: -

		No. of cases	Amt (in lakh)
1	Recovery made by department	16	6.00
2	Amount dropped by Collectors	1	23.30
3	Recovery is pending u/s 48 of the said Act	8	5.38
4	Pending in courts of Collectors u/s 47-A for decision	60	16.32
	Total	85	51.00

**The Committee has desired that a fresh reply with latest status be submitted at the earliest for further consideration of the Committee.**

**[33] 4.8 Irregular exemption of Stamp Duty treating the non-bonafide decrees as bonafide:**

Thirteen compromise decrees which were not bonafide, were registered without charging any stamp duty and by charging nominal registration fee of ₹ 650 on total consideration of ₹ 3.73 crore. This resulted in irregular exemption of stamp duty and registration fee of ₹ 21.84 lakh.

Under Section 17 of the Registration Act, 1908, non-testamentary instruments transferring or assigning any decree or order of a Court or any award when such decree or order or award purports or operates to create, declare, assign, limit or extinguish, whether in present or in future, any right, title or interest, whether vested or contingent, of the value of ₹ 100 and upwards, to or in immovable property are compulsory registrable documents. Thus, a compromise decree<sup>12</sup> which is not bonafide<sup>13</sup> is liable to be charged as an instrument of conveyance. The Financial Commissioner and Secretary to Haryana Government, Revenue Department had issued instructions in September 1996, to all the registering authorities that mutated property registered on the basis of a compromise decree which was not bonafide, was liable to be charged as an instrument of conveyance as per Schedule 1-A of the IS Act. The Sub Registrars (SRs) were asked to carefully examine each document so as to ensure that there was no deliberate attempt for evasion of stamp duty and the same was properly stamped under the Act.

**A.** On scrutiny of the records of SR Panipat in November 2018, it was noticed that immovable properties were transferred through court in favour of plaintiff. The deed was registered in March 2018. The registering authority registered the deed as bonafide without charging any stamp duty (SD) and charged nominal Registration Fee (RF) of ₹ 50 on total consideration of ₹ 0.60 crore. Though, in this deed, land was transferred to plaintiff through decree, sale agreement had been executed by the parties. Hence, it was required to be treated as sale and stamp duty and registration fee were leviable for Rs. 4.35 lakh as per Schedule 1-A of the IS Act and the deed was also not bonafide. The Registering Authority did not comply with the above instructions of September 1996 and allowed exemptions from payment of SD and RF without verifying the facts. This resulted in irregular exemption of SD and RF of Rs. 4.35 lakh (SD Rs. 4.20 lakh and RF Rs. 0.15 lakh).

On this being pointed out, SR Panipat intimated in February 2022 that the case had been sent to the Collector under Section 47-A of the IS Act for decision in March 2018 and was pending at the level of the Collector.

**(B) Compromise Deeds involving exchange of immovable properties.**

As per Schedule 1 A of the IS Act, two parties can exchange their immovable properties and the same can be registered under category 'exchange' on which Stamp Duty will be leviable on the property having higher value.

Scrutiny of the records of five SRs/JSRs<sup>14</sup> (between January 2019 and October 2020) showed that twelve compromise decrees (through process of civil court orders) involving exchange of immovable properties were registered between July, 2017 and January 2019 without charging any stamp duty (SD) and by charging nominal Registration Fee (RF) of ₹ 600 on total consideration of ₹ 3.13 crore. The

parties had mutually exchanged their possession of properties and hence, SD and RF of Rs. 17.50 lakh had to be levied. This resulted in irregular exemption of SD and RF of ₹ 17.49 lakh (SD ₹ 16 lakh and RF ₹ 1.49 lakh).

On this being pointed out, SR Jagadhri intimated in February 2022 that two cases had been sent to the Collector for decision in August and November 2021. SR Karnal stated in October 2021 that the case had been sent to Collector under Section 47-A of the Act for decision. SRs/JSRs Balla, Guhla and Kaithal stated (between September and October 2020) that cases would be sent to the Collector under Section 47-A of the Act for decision.

The Department, in the Exit Conference held in March 2022 and in reply in April 2022, admitted the audit observations.

The Government may strengthen the internal controls for ensuring compliance with the instructions issued.

**The department in its written reply stated that as under: -**

This para relates to Irregular of Stamp Duty and Registration Fees Rs.50.29 Lakh in 14 cases treating the non-bonafide degrees as bonafide. The progress report of this para is as under:-

		No. of cases	Amt (in lakh)
1	Recovery is pending u/s 48 of the said Act	10	38.92
2	Pending in courts of Collectors u/s 47-A for decision	4	11.37
	<b>Total</b>	<b>14</b>	<b>50.29</b>

**The Committee has desired that pending cases be decided/concluded in a time bound manner and an updated reply be submitted at the earliest possible for consideration of the Committee.**

**APPENDIX**

**Statement showing the outstanding observations/recommendations of the Committee on Public Accounts of the Haryana Vidhan Sabha on which the Government is yet to take final decisions: -**

Sr. No.	Count of Para	Name of department	Report No.	Para-graph No.	Brief Subject of Paragraph
<b>Administration of Justice</b>					
1	1	Administration of Justice	70	25	Infructuous expenditure on empanelment of advocates
<b>Agriculture and Farmers Welfare</b>					
2	1	Agriculture and Farmers Welfare	38	56	Interest not charged on belated payments
3	2	Agriculture and Farmers Welfare	44	108	Non-recovery of purchases tax and interest
4	3	Agriculture and Farmers Welfare	44	109	Non-recovery of purchase tax and interest
5	4	Agriculture and Farmers Welfare	48	4	Arrears in revenue
6	5	Agriculture and Farmers Welfare	50	141	Arrears in revenue
7	6	Agriculture and Farmers Welfare	50	142	Results of Audit
8	7	Agriculture and Farmers Welfare	50	143	Non-recovery of purchase tax and interest
9	8	Agriculture and Farmers Welfare	52	15	Non-recovery of principal and interest from Sugar Mills
10	9	Agriculture and Farmers Welfare	52	88	Arrears in revenue
11	10	Agriculture and Farmers Welfare	52	89	Results of Audit
12	11	Agriculture and Farmers Welfare	54	30	General
13	12	Agriculture and Farmers Welfare	54	91	Arrears in revenue
14	13	Agriculture and Farmers Welfare	54	92	Results of Audit
15	14	Agriculture and Farmers Welfare	54	93	Non-recovery of purchase tax and interest
16	15	Agriculture and Farmers Welfare	58	31	Arrears in revenue
17	16	Agriculture and Farmers Welfare	58	32	Results of Audit
18	17	Agriculture and Farmers Welfare	60	122	Results of Audit
19	18	Agriculture and Farmers Welfare	60	124	Results of Audit
20	19	Agriculture and Farmers Welfare	60	125	Non/short recovery of purchase tax and interest

21	20	Agriculture and Farmers Welfare	60	126	Non-realization of lease money
22	21	Agriculture and Farmers Welfare	60	127	Results of Audit
23	22	Agriculture and Farmers Welfare	62	44	Arrears in revenue
24	23	Agriculture and Farmers Welfare	62	45	Results of Audit
25	24	Agriculture and Farmers Welfare	62	47	Non/short recovery of purchase tax and interest
26	25	Agriculture and Farmers Welfare	63	26	Arrears in revenue
27	26	Agriculture and Farmers Welfare	63	27	Results of Audit
28	27	Agriculture and Farmers Welfare	63	28	Non recovery of purchase tax and interest
29	28	Agriculture and Farmers Welfare	64	12	Arrears of revenue
30	29	Agriculture and Farmers Welfare	64	13	Results of Audit
31	30	Agriculture and Farmers Welfare	64	14	Results of Audit
32	31	Agriculture and Farmers Welfare	64	15	Non/short recovery of purchase tax and interest
33	32	Agriculture and Farmers Welfare	65	19	Inadmissible payment of special pay
34	33	Agriculture and Farmers Welfare	65	59	Arrear of revenue
35	34	Agriculture and Farmers Welfare	65	60	Results of Audit
36	35	Agriculture and Farmers Welfare	65	61	Non/short recovery of purchase tax and interest
37	36	Agriculture and Farmers Welfare	67	81	Non recovery of purchase tax and interest
38	37	Agriculture and Farmers Welfare	68	9	Execution of works
39	38	Agriculture and Farmers Welfare	68	83	Arrears of revenue
40	39	Agriculture and Farmers Welfare	68	84	Results of Audit
41	40	Agriculture and Farmers Welfare	68	133	Analysis of arrears of revenue
42	41	Agriculture and Farmers Welfare	68	134	Results of Audit
43	42	Agriculture and Farmers Welfare	68	136	Non-recovery of interest on purchase tax
44	43	Agriculture and Farmers Welfare	70	86	Analysis of arrears of revenue
45	44	Agriculture and Farmers Welfare	71	4	Cash Management



46	45	Agriculture and Farmers Welfare	71	6	Infrastructural Facilities in Mandis
47	46	Agriculture and Farmers Welfare	72	41	Unfruitful Expenditure on incomplete cold storage work
48	47	Agriculture and Farmers Welfare	79	1	Delay/non-recovery of interest, godown rent, water and sewerage charges and cost of shops/booth plots
49	48	Agriculture and Farmers Welfare	79	9	Non-recovery of material issued to contractor
50	49	Agriculture and Farmers Welfare	81	2	Outstanding temporary advances
51	50	Agriculture and Farmers Welfare	81	3	Non-maintenance/non-functioning of libraries
52	51	Agriculture and Farmers Welfare	81	6	Slow implementation of Soil Health Cards Scheme and use of urea in excess of norms
53	52	Agriculture and Farmers Welfare	81	10	Status of samples found sub-standard and action taken
54	53	Agriculture and Farmers Welfare	81	13	Working of Ground Water Cell
55	54	Agriculture and Farmers Welfare	89	16	Introduction
56	55	Agriculture and Farmers Welfare	89	17	Financial Management
57	56	Agriculture and Farmers Welfare	89	18	Irregular benefits disbursed to State Government Pensioners-Rs 131.40
58	57	Agriculture and Farmers Welfare	89	19	Non-recovery of amount disbursed to income tax payees and ineligible beneficiaries Rs.40.65 crore
59	58	Agriculture and Farmers Welfare	89	20	Benefits extended to more than one family member Rs 4.48. lakh
60	59	Agriculture and Farmers Welfare	89	21	Benefits extended to beneficiaries who do not own agriculture land Rs 2.82 lakh
61	60	Agriculture and Farmers Welfare	89	22	Delay in disbursement of benefits
62	61	Agriculture and Farmers Welfare	89	23	Benefits extended to the deceaseds to the deceased's beneficiaries
63	62	Agriculture and Farmers Welfare	89	24	Deprivation of benefits due to pendency of Aadhaar correction
64	63	Agriculture and Farmers Welfare	89	25	Improper execution of the scheme resulted in deprivation of benefits to the beneficiaries
65	64	Agriculture and Farmers Welfare	89	26	Non-conducting of social audit for identification of ineligible beneficiaries
66	65	Agriculture and Farmers Welfare	89	27	Non-receipt of administrative expenses Rs.420.38 lakh
67	66	Agriculture and Farmers Welfare	89	28	Deprivation of benefits due to PFMS rejection

68	67	Agriculture and Farmers Welfare	89	29	Benefits released to the beneficiaries pending for Physical Verification Rs.8.84 lakh
69	68	Agriculture and Farmers Welfare	89	30	Non-achieving of target of physical verification
70	69	Agriculture and Farmers Welfare	89	31	Non-developing a system to obtain feedback from the stakeholders
<b>Animal Husbandry and Dairying</b>					
71	1	Animal Husbandry and Dairying	60	16	Non recovery of cost of land ( <b>dropped 27.09.2022</b> )
72	2	Animal Husbandry and Dairying	72	49	Receipt of funds from other sources
73	3	Animal Husbandry and Dairying	72	50	Failure in recovering milk cess
74	4	Animal Husbandry and Dairying	72	51	Livestock insurance
75	5	Animal Husbandry and Dairying	72	52	Outsourcing of Artificial Insemination Services
76	6	Animal Husbandry and Dairying	72	53	Poultry Disease Investigation and Feed Analytical Laboratory
77	7	Animal Husbandry and Dairying	72	54	Hi-Tech Dairy Shed Scheme
78	8	Animal Husbandry and Dairying	72	55	Quality control of feed, milk and milk products
79	9	Animal Husbandry and Dairying	72	56	Avoidable payment of departmental charges
80	10	Animal Husbandry and Dairying	72	57	Construction of veterinary polyclinics
81	11	Animal Husbandry and Dairying	72	58	Construction of Pet Clinic at Panchkula
82	12	Animal Husbandry and Dairying	72	60	Internal Audit System
83	13	Animal Husbandry and Dairying	77	32	Veterinary infrastructure and utilization
84	14	Animal Husbandry and Dairying	82	23	Suspected embezzlement
<b>Archaeology and Museums</b>					
85	1	Archaeology and Museums	77	34	Delay in construction of museum and office building and non-achievement of the objective of the department
<b>Architecture</b>					
86	1	Architecture	60	14	Fraudulent drawls and embezzlement of Government money by a Cashier
<b>Civil Aviation</b>					
87	1	Civil Aviation	75	51	Recoverable parking and maintenance charges
<b>Civil Secretariat</b>					
88	1	Civil Secretariat	75	53	Irregular expenditure

89	2	Civil Secretariat	75	54	Allotment of space to banks without execution of agreement
90	3	General Administration	74	49	Withdrawal of posts from the purview of Haryana Public Service Commission
<b>Commissioner Hisar Division</b>					
91	1	Commissioner Hisar Division	72	25	Water quality
92	2	Commissioner Hisar Division	72	26	Silt clearance of canals and drains not done under Mahatma Gandhi National Rural Employment Guarantee Act
93	3	Commissioner Hisar Division	72	27	Non-payment of annuity under Rehabilitation and Resettlement policy
94	4	Commissioner Hisar Division	72	29	Common irregularities in Panchayati Raj Institutions
95	5	Commissioner Hisar Division	72	30	Swarnjayanti Gram Swarojgar Yojna
96	6	Commissioner Hisar Division	72	33	Crime trends
97	7	Commissioner Hisar Division	72	35	Inspection of police stations
<b>Co-operation</b>					
98	1	Co-operation	40	41	Embezzlement
99	2	Co-operation	56	37	Loss due to negligence and improper maintenance of cold storage plant
100	3	Co-operation	58	38	Results of Audit
101	4	Co-operation (Transferred from Finance Department)	58	39	Non charging of interest and penal interest
102	5	Co-operation	58	71	Storage gain on account of moisture in wheat stocks below norms
103	6	Co-operation	58	137	Non charging of interest and penal interest
104	7	Co-operation	60	136	Results of Audit
105	8	Co-operation	60	137	Non-redemption of Government share capital
106	9	Co-operation	62	49	Non-redemption of Government share capital
107	10	Co-operation	63	30	Audit in arrears
108	11	Co-operation	63	33	Short levy of audit fee due to incorrect computation of profit
109	12	Co-operation	63	34	Non deposit of Government share capital
110	13	Co-operation	63	35	Non redemption of Government share capital due to late fixation of terms and conditions
111	14	Co-operation	63	36	Non redemption of Government share capital as per terms and conditions
112	15	Co-operation	64	67	Non redemption of Government share capital
113	16	Co-operation	65	62	Results of Audit
114	17	Co-operation	65	63	Non-deposit of dividend on State share capital
115	18	Co-operation	65	64	Non realization of dividend on share capital of State Government

116	19	Co-operation	67	39	Regulatory issues and others/injudicious payment on account of training and managerial subsidies to self help groups
117	20	Co-operation (Transferred from Finance Department)	68	90	Non recovery of loans and interest
118	21	Co-operation	68	100	Results of Audit
119	22	Co-operation	68	137	Results of Audit
120	23	Co-operation	70	84	Result of audit
121	24	Co-operation (Transferred from Finance Department)	71	75	Non-raising of demand of guarantee fee
122	25	Co-operation	75	41	Excess release of subsidy and irregular utilisation of unspent amount
123	26	Co-operation	75	42	Non-recovery of audit fee
124	27	Co-operation	75	43	Negligible return from share capital in Co-operative Societies and outstanding loan
125	28	Co-operation	75	44	Rehabilitation of Co-operative Sugar Mills
126	29	Co-operation	75	45	Non recovery of minimum return on share capital
127	30	Co-operation	75	46	Redemption of share capital of co-operative societies
128	31	Co-operation	75	47	Loan to Co-Operative Sugar Mills
129	32	Co-operation	75	48	Non-recovery of share capital and dividend under Long Term Operation Scheme
130	33	Co-operation	75	49	Transfer of CCM Building to HSAMB
<b>Development and Panchayats</b>					
131	1	Development and Panchayats	34	8	Irregular and wasteful expenditure on books
132	2	Development and Panchayats	73	62	Irregular release/non-utilization of grants
133	3	Development and Panchayats	75	57	Financial management in GPs
134	4	Development and Panchayats	80	35	Financial Management - Delay in release of funds
135	5	Development and Panchayats	80	39	Delay in furnishing utilization certificates
136	6	Development and Panchayats	81	55	Misappropriations, losses, defalcations, etc:
137	7	Development and Panchayats	82	61	Delay in furnishing utilisation certificates (S.F.)
138	8	Development and Panchayats	82	62	Misappropriations, losses, defalcations, etc. (S.F.)

139	9	Development and Panchayats	83	26	Misappropriations, losses, defalcations, etc. (S.F.)
<b>District Gurgaon</b>					
140	1	District Gurgaon	73	93	Allotment of civil works without requirement
141	2	District Gurgaon	73	94	Delay in completion of Civil works
142	3	District Gurgaon	73	100	Construction of haats
143	4	District Gurgaon	73	102	Non-completion of dwelling units
144	5	District Gurgaon	73	104	Allotment of houses
145	6	District Gurgaon	73	106	Physical verification
146	7	District Gurgaon	73	107	Excess expenditure over estimate
147	8	District Gurgaon	73	108	Non-revision of list of BPL/AAY beneficiaries
<b>Education</b>					
148	1	Education	48	29	Purchases without assessment of requirement
149	2	Education	56	4	Nutritional support to Primary Education
150	3	Education	58	56	Management cost in excess of norms
151	4	Education	58	57	Programme management.
152	5	Education	58	58	Civil Works
153	6	Education	58	60	Training
154	7	Education	62	67	CBI inquiry
155	8	Education	70	22	Los due to non-availing of full Central assistance
156	9	Education	71	27	Parking of funds outside Government Accounts
157	10	Education	74	4	Information and Communication Technology
158	11	Education	74	5	Opening of Government Model Schools
159	12	Education	74	6	Scheme for establishment of Government Model Sanskriti Schools
160	13	Elementary Education	77	17	MDM not provided to the students of Government Aided Schools
161	14	School Education (HSSPP)	81	26	Non-recovery of funds from defaulters
162	15	School Education (HSSPP)	81	27	Suspected embezzlement of funds
163	16	School Education (HSSPP)	81	28	Non-functional girls hostels:
164	17	School Education (HSSPP)	81	29	Poor/unsatisfactory functioning of ICT laboratories:
165	18	School Education (HSSPP)	82	26	Double disbursement of scholarships
166	19	School Education (HSSPP)	82	27	Misappropriations, losses, defalcations, etc. (S.F.)
167	20	School education	83	14	Delay in submission of Utilisation Certificates
168	21	School education	83	15	Misappropriations, losses, thefts, etc
169	22	School education	89	65	Misappropriations, losses, thefts, etc
<b>Environment &amp; Climate Change</b>					
170	1	Environment	58	83	Implementation of environmental Acts and Rules relating to Water Pollution

171	2	Environment	58	84	Status of water pollution
172	3	Environment	58	85	Treatment of Industrial effluent
173	4	Environment	58	88	Environment training, education and awareness
174	5	Environment	60	67	Status of industrial pollution
175	6	Environment	60	69	Rice shelling units/solvent extraction plants
176	7	Environment	60	72	Waste Management
177	8	Environment	68	24	Assessment of waste and risks associated with it
178	9	Environment	74	45	Implementation of Bio Medical waste Management Rules in Haryana
179	10	Environment	74	46	Loss of interest due to blockade of funds
180	11	Environment	74	47	Delay in furnishing utilization certificates
181	12	Environment	77	37	Avoidable payment of Income Tax
182	13	Environment	77	38	Delay in furnishing utilization certificates
183	14	Environment	79	22	Operations without Consent to Establish and Consent to Operate
184	15	Environment	79	23	Lack of verification of EC compliance
185	16	Environment	79	24	Non-compliance of conditions of pollution control
186	17	Environment	79	25	Non-compliance of environment impact monitoring aspects
187	18	Environment	79	26	Environmental parameters for Air, Surface Water, Ground Water and Noise beyond permissible limits
188	19	Environment	79	27	Delay in furnishing utilization certificates
189	20	Environment	80	48	Delay in furnishing utilization certificates
190	21	Environment	81	51	Delay in furnishing utilization certificates:
191	22	Environment	83	24	Delay in submission of Utilisation Certificates
192	23	Environment	89	63	Delay in submission of Utilisation Certificates
<b>Excise and Taxation</b>					
193	1	Excise and Taxation	22	54	Shortfall in duty.
194	2	Excise and Taxation	23	55	Result of test audit in general
195	3	Excise and Taxation	23	57	Failure to initiate action to recover the licence fee
196	4	Excise and Taxation	23	59	Loss of duty on excess wastage in bottling operation
197	5	Excise and Taxation	25	67	Irregular allowance for wastage
198	6	Excise and Taxation	28	44	Non-recovery of licence fee and interest
199	7	Excise and Taxation	29	50	Non-levy of penalty
200	8	Excise and Taxation	29	51	Non-levy of penalty
201	9	Excise and Taxation	29	53	Interest not charged
202	10	Excise and Taxation	34	66	Short-levy/non-levy of purchase tax
203	11	Excise and Taxation	34	69	Non-levy of penalty
204	12	Excise and Taxation	34	70	Non-filling the quarterly returns

205	13	Excise and Taxation	36	58	Results of Audit (Sales Tax)
206	14	Excise and Taxation	38	79	Suppression of purchases
207	15	Excise and Taxation	38	81	Irregular stay of tax and interest
208	16	Excise and Taxation	38	87	Recovery at the instance of Audit
209	17	Excise and Taxation	40	55	Delay in re-assessment of remand cases
210	18	Excise and Taxation	40	57	Appeals entertained without deposit of tax
211	19	Excise and Taxation	40	60	Loss of revenue due to delays in assessment and demand of tax
212	20	Excise and Taxation	40	66	Incorrect deduction on account of sales to registered dealers
213	21	Excise and Taxation	40	69	Interest not charged
214	22	Excise and Taxation	40	74	Non-recovery of duty on wastage in excess norms
215	23	Excise and Taxation	42	109	Frauds and evasion of taxes
216	24	Excise and Taxation	42	113	Delay in taking up of appeal cases
217	25	Excise and Taxation	42	115	Stay of Sales Tax demands by the Appellate Authorities
218	26	Excise and Taxation	42	116	Recovery of Demands in arrears under Sales Tax
219	27	Excise and Taxation	42	118	Non-recovery of arrears due to delay in assessment
220	28	Excise and Taxation	42	119	Failure to verify the genuineness of dealers/sureties
221	29	Excise and Taxation	42	120	Irregular grant of exemption certificate
222	30	Excise and Taxation	42	121	Delay in initiating/non-pursuance of recovery proceedings
223	31	Excise and Taxation	42	125	Application of incorrect rate of tax
224	32	Excise and Taxation	42	126	Non/Short levy of interest
225	33	Excise and Taxation	42	127	Results of Audit
226	34	Excise and Taxation	42	129	Loss of revenue due to re-auction of vends
227	35	Excise and Taxation	42	132	Loss due to non-observance of prescribed procedure regarding auction of vends
228	36	Excise and Taxation	42	138	Results of Audit
229	37	Excise and Taxation	42	139	Under assessment due to irregular grant of exemption to non- manufacturers
230	38	Excise and Taxation	42	142	Under assessment due to short levy of purchase tax and incorrect deduction
231	39	Excise and Taxation	42	144	Short levy of penalty
232	40	Excise and Taxation	42	145	Results of Audit
233	41	Prohibition, Excise and Taxation	44	95	Non-registration of dealers liable to registration
234	42	Prohibition, Excise and Taxation	44	96	Grant of Certificates of registration without following proper procedure
235	43	Prohibition, Excise and Taxation	44	97	Non-observance of departmental instructions regarding cross verifications

236	44	Prohibition, Excise and Taxation	44	98	Non-observance of prescribed procedures for receipt and issue of declaration forms
237	45	Prohibition, Excise and Taxation	44	99	Non-observance of prescribed procedures for receipt and issue of declaration forms
238	46	Prohibition, Excise and Taxation	44	100	Irregular deduction allowed against stolen forms
239	47	Prohibition, Excise and Taxation	44	101	Incorrect deduction from turnover
240	48	Prohibition, Excise and Taxation	44	102	Incorrect levy of Concessional rate of Tax
241	49	Prohibition, Excise and Taxation	44	103	Other points of interest
242	50	Prohibition, Excise and Taxation	44	106	Results of Audit
243	51	Prohibition, Excise and Taxation	44	107	Interest not charged
244	52	Prohibition, Excise and Taxation	46	42	Results of Audit
245	53	Commercial Taxes	46	46	Outstanding inspection s and audit observations
246	54	Commercial Taxes	46	47	Results of Audit
247	55	Commercial Taxes	46	48	Sales Tax Check Barriers
248	56	Commercial Taxes	46	50	Short levy of Purchases Tax
249	57	Commercial Taxes	46	51	Non/Short levy of interest and penalty
250	58	Commercial Taxes	46	52	Results of Audit
251	59	Excise and Taxation	48	37	Results of Audit
252	60	Excise and Taxation	48	43	Irregular deduction allowed against invalid declaration forms
253	61	Excise and Taxation	48	44	Loss of revenue due to defray in finalization of assessment
254	62	Excise and Taxation	48	45	Non-levy of interest and penalty
255	63	Excise and Taxation	50	118	Under assessment due to inadmissible deduction from turnover
256	64	Excise and Taxation	50	120	Under assessment due to irregular deduction allowed against invalid declaration forms and non/short levy of purchase/sales tax
257	65	Excise and Taxation	50	122	Under assessment
258	66	Excise and Taxation	50	124	Under assessment due to application of incorrect rates of tax
259	67	Excise and Taxation	50	125	Non/short levy of purchase tax
260	68	Excise and Taxation	50	126	Results of Audit
261	69	Excise and Taxation	50	127	Internal control mechanism of receipts from distilleries and breweries
262	70	Excise and Taxation	50	128	Low yield of spirit
263	71	Excise and Taxation	50	129	Loss of spirit due to re-distillation
264	72	Excise and Taxation	50	133	Interest short charged
265	73	Excise and Taxation	52	94	Arrears in revenue
266	74	Excise and Taxation	52	95	Arrears in assessment



267	75	Excise and Taxation	52	96	Frauds and evasions of taxes/duties
268	76	Excise and Taxation	52	97	Results of Audit
269	77	Excise and Taxation	52	101	Under assessment due to non-levy of tax on branch transfers/consignment sale
270	78	Excise and Taxation	52	102	Under assessment due to non-submission of declaration forms.
271	79	Excise and Taxation	52	104	Arrears in assessments
272	80	Excise and Taxation	52	105	Evasion of tax due to suppression of purchases
273	81	Excise and Taxation	52	106	Under assessment due to incorrect deduction allowed against invalid declaration forms
274	82	Excise and Taxation	52	107	Incorrect levy of concessional rate of tax
275	83	Excise and Taxation	52	108	Inadmissible deduction from turnover
276	84	Excise and Taxation	52	109	Non-levy of purchase tax.
277	85	Excise and Taxation	52	112	Non-levy of tax
278	86	Excise and Taxation	52	114	Under assessment due to excess rebate
279	87	Excise and Taxation	52	115	Non-levy of penalty
280	88	Excise and Taxation	52	116	Non-reconciliation of revenue deposits into treasury
281	89	Excise and Taxation	52	117	Results of Audit
282	90	Excise and Taxation	52	118	Short/non-recovery of passenger tax
283	91	Excise and Taxation	54	64	Arrears in revenue
284	92	Excise and Taxation	54	65	Arrears in assessment
285	93	Excise and Taxation	54	67	Results of Audit
286	94	Excise and Taxation	54	68	Disposal of appeal cases
287	95	Excise and Taxation	54	69	Delay in finalizing assessments
288	96	Excise and Taxation	54	70	Delay in finalization of remand cases
289	97	Excise and Taxation	54	72	Recovery certification cases
290	98	Excise and Taxation	54	73	Incorrect levy of concessional rate of tax
291	99	Excise and Taxation	54	74	Incorrect deduction allowed against invalid declaration forms
292	100	Excise and Taxation	54	75	Inadmissible deduction from turnover
293	101	Excise and Taxation	54	76	Short levy of tax on sales to Non-government bodies
294	102	Excise and Taxation	54	77	Excess refund due to incorrect exemption for payment of tax
295	103	Excise and Taxation	54	78	Under assessment due to excess rebate
296	104	Excise and Taxation	54	79	Results of Audit
297	105	Excise and Taxation	54	80	Incorrect levy of entertainments duty
298	106	Prohibition, Excise and Taxation	56	20	Fraudulent draws and embezzlement of Government money
299	107	Excise and Taxation	58	4	Arrears in revenue
300	108	Excise and Taxation	58	5	Arrears in assessment
301	109	Excise and Taxation	58	6	Frauds and evasions of taxes/duties

302	110	Excise and Taxation	58	8	Results of Audit
303	111	Excise and Taxation	58	9	Cross verification by Audit
304	112	Excise and Taxation	58	10	Incorrect deduction from turnover
305	113	Excise and Taxation	58	12	Non-levy of purchase tax
306	114	Excise and Taxation	58	13	Non-recovery of tax
307	115	Excise and Taxation	58	15	Non/short levy of purchase tax
308	116	Excise and Taxation	58	16	Non-levy of tax
309	117	Excise and Taxation	58	17	Results of Audit
310	118	Excise and Taxation	58	18	Short realization of passenger tax
311	119	Excise and Taxation	58	101	Arrears in revenue
312	120	Excise and Taxation	58	102	Arrears in assessment
313	121	Excise and Taxation	58	103	Frauds and evasions of taxes/duties
314	122	Excise and Taxation	58	105	Results of Audit
315	123	Excise and Taxation	58	106	Evasion in sales tax
316	124	Excise and Taxation	58	107	Non compliance of departmental instructions regarding cross verification
317	125	Excise and Taxation	58	108	Under assessment of 'notional' sales tax liability computed on taxable turnover
318	126	Excise and Taxation	58	109	Non-levy of purchase tax
319	127	Excise and Taxation	58	110	Non-recovery of tax
320	128	Excise and Taxation	58	111	Non-levy of interest
321	129	Excise and Taxation	58	112	Under assessment due to excess rebate
322	130	Excise and Taxation	58	113	Results of Audit
323	131	Excise and Taxation	58	114	Short realization of passengers tax towards expenditure
324	132	Excise and Taxation	58	115	Non-recovery of licence fee
325	133	Excise and Taxation	60	95	Arrears in revenue
326	134	Excise and Taxation	60	99	Outstanding inspection s and audit observations
327	135	Excise and Taxation	60	101	Results of Audit
328	136	Excise and Taxation	60	102	Recovery of sales tax in arrears
329	137	Excise and Taxation	60	103	Non-recovery due to delay in assessment
330	138	Excise and Taxation	60	104	Non-delay in raising of demands for the assessed dues
331	139	Excise and Taxation	60	105	Failure to initiate follow up action for recovery of arrears
332	140	Excise and Taxation	60	106	Disposal of recovery certificates
333	141	Excise and Taxation	60	107	Demands under stay
334	142	Excise and Taxation	60	108	Non-inclusion of interest in the demand sent to the liquidator
335	143	Excise and Taxation	60	109	Under assessment of notional sales tax liability
336	144	Excise and Taxation	60	110	Application of incorrect rate of tax
337	145	Excise and Taxation	60	111	Non-levy of purchase tax

338	146	Excise and Taxation	60	112	Non-recovery of tax
339	147	Excise and Taxation	60	113	Results of Audit
340	148	Excise and Taxation	62	3	Arrears in revenue
341	149	Excise and Taxation	62	4	Arrears in assessment
342	150	Excise and Taxation	62	5	Frauds and evasions of taxes/duties
343	151	Excise and Taxation	62	6	Results of Audit
344	152	Excise and Taxation	62	7	Assessment in arrear
345	153	Excise and Taxation	62	8	Irregularities in the grant of eligibility certificates
346	154	Excise and Taxation	62	9	Incorrect acceptance of applications
347	155	Excise and Taxation	62	10	Incorrect determination of zones
348	156	Excise and Taxation	62	11	Implementation of the Scheme by Sales Tax Department
349	157	Excise and Taxation	62	12	Excess availing of tax deferment
350	158	Excise and Taxation	62	13	Irregularities in assessment of exempted/deferred units
351	159	Excise and Taxation	62	14	Under-assessment due to application of concessional rate of tax
352	160	Excise and Taxation	62	15	Under-assessment tax due to irregular deduction
353	161	Excise and Taxation	62	16	Under assessment of notional sales tax liability
354	162	Excise and Taxation	62	17	Non-monitoring of exempted/deferred units
355	163	Excise and Taxation	62	18	Non-levy of purchase tax
356	164	Excise and Taxation	62	19	Non-levy of tax on lease rent
357	165	Excise and Taxation	62	20	Non-levy/under assessment of purchase tax due to application of incorrect rate of tax
358	166	Excise and Taxation	62	21	Irregular deduction allowed against invalid declaration forms
359	167	Excise and Taxation	62	22	Non-levy of interest and penalty
360	168	Excise and Taxation	62	23	Non-raising of demands for interest
361	169	Excise and Taxation	62	24	Non-realization of tax
362	170	Excise and Taxation	62	25	Results of Audit
363	171	Excise and Taxation	62	26	Receipts of excise duty from auction of venders
364	172	Excise and Taxation	62	27	Short recovery of licence fee and interest
365	173	Excise and Taxation	62	28	Loss of revenue due to re-auction of vends
366	174	Excise and Taxation	62	29	Non-recovery due to incorrect adjustment of security
367	175	Excise and Taxation	62	33	Results of Audit
368	176	Excise and Taxation	62	34	Non/short realization of passengers tax
369	177	Excise and Taxation	63	3	Arrears of revenue
370	178	Excise and Taxation	63	4	Evasion of tax
371	179	Excise and Taxation	63	5	Results of Audit

372	180	Excise and Taxation	63	6	Position of collection of revenue receipts and arrears
373	181	Excise and Taxation	63	7	Delay in finalizaion of remand cases
374	182	Excise and Taxation	63	8	Under assessment of tax due to incorrect deduction of subsequent sale under CST
375	183	Excise and Taxation	63	9	Under assessment of tax due to inadmissible deduction
376	184	Excise and Taxation	63	10	Non levy of purchase tax
377	185	Excise and Taxation	63	11	Non levy of interest and penalty
378	186	Excise and Taxation	63	12	Non recovery of tax
379	187	Excise and Taxation	63	13	Other tax receipts
380	188	Excise and Taxation	63	14	Non recovery of penalties
381	189	Excise and Taxation	63	15	Non/short realization of passengers tax
382	190	Excise and Taxation	63	16	Short/non recovery of entertainment duty
383	191	Excise and Taxation	64	25	Arrears of revenue
384	192	Excise and Taxation	64	26	Arrears in assessments
385	193	Excise and Taxation	64	27	Evasion of tax
386	194	Excise and Taxation	64	28	Write-off and waiver of revenue
387	195	Excise and Taxation	64	29	Results of Audit
388	196	Excise and Taxation	64	30	Delay in assessments and their impact on revenue and collection of sales tax demands
389	197	Excise and Taxation	64	31	Absence of provisions for finalizing assessments
390	198	Excise and Taxation	64	32	Recovery Certificates
391	199	Excise and Taxation	64	34	Delay in issue of demand notice
392	200	Excise and Taxation	64	35	Delay in finalization of assessment
393	201	Excise and Taxation	64	37	Under assessment due to incorrect deduction at first stage
394	202	Excise and Taxation	64	38	Non levy of purchase tax
395	203	Excise and Taxation	64	39	Non levy of interest
396	204	Excise and Taxation	64	40	Results of Audit
397	205	Excise and Taxation	64	41	Short recovery of licence fee and interest
398	206	Excise and Taxation	64	42	Non/short realization of passengers tax
399	207	Excise and Taxation	65	26	Arrears of revenue
400	208	Excise and Taxation	65	27	Arrears in assessments
401	209	Excise and Taxation	65	28	Evasion of tax
402	210	Excise and Taxation	65	29	Write-off and waiver of revenue
403	211	Excise and Taxation	65	30	Results of Audit
404	212	Excise and Taxation	65	31	Disposal of remand cases
405	213	Excise and Taxation	65	32	Non levy of penalty
406	214	Excise and Taxation	65	33	Delay in deciding cases in revision
407	215	Excise and Taxation	65	34	Under assessment due to incorrect deduction from gross turnover
408	216	Excise and Taxation	65	35	Non levy of purchase tax
409	217	Excise and Taxation	65	36	Application of incorrect rate of tax
410	218	Excise and Taxation	65	37	Irregular refund of tax
411	219	Excise and Taxation	65	38	Under assessment due to non levy of surcharge

412	220	Excise and Taxation	65	39	Results of Audit
413	221	Excise and Taxation	65	40	Non recovery of penalty
414	222	Excise and Taxation	65	41	Non imposition of fine
415	223	Excise and Taxation	65	42	Loss of revenue due to re-auction of vend
416	224	Excise and Taxation	67	40	Arrears of revenue
417	225	Excise and Taxation	67	41	Arrears in assessments
418	226	Excise and Taxation	67	42	Evasion of tax
419	227	Excise and Taxation	67	43	Write-off and waiver of revenue
420	228	Excise and Taxation	67	44	Refunds
421	229	Excise and Taxation	67	45	Results of Audit
422	230	Excise and Taxation	67	46	Evasion of tax by unregistered dealers/Non levy of tax on contractees
423	231	Excise and Taxation	67	47	Acceptance of incomplete/invalid declaration forms
424	232	Excise and Taxation	67	48	Acceptance of incomplete/invalid declaration forms
425	233	Excise and Taxation	67	49	Non compliance of departmental instructions regarding cross verification
426	234	Excise and Taxation	67	50	Non compliance of departmental instructions regarding cross verification
427	235	Excise and Taxation	67	51	Non compliance of departmental instructions regarding cross verification
428	236	Excise and Taxation	67	52	Non compliance of departmental instructions regarding cross verification
429	237	Excise and Taxation	67	54	Non levy of interest and penalty
430	238	Excise and Taxation	67	56	Incorrect allowance of concessional rate
431	239	Excise and Taxation	67	58	Under assessment due to application of incorrect rate of tax
432	240	Excise and Taxation	67	59	Under assessment due to application of incorrect rate of tax
433	241	Excise and Taxation	67	60	Results of Audit
434	242	Excise and Taxation	67	61	Uncollected Excise revenue
435	243	Excise and Taxation	67	62	Short recovery of licence fee and interest
436	244	Excise and Taxation	67	63	Non recovery of additional licence fee for lifting of short/additional quota
437	245	Excise and Taxation	67	64	Non imposition/recovery of compounding fee
438	246	Excise and Taxation	67	65	Non imposition/recovery of compounding fee
439	247	Excise and Taxation	67	66	Results of Audit
440	248	Excise and Taxation	67	67	Arrears of revenue
441	249	Excise and Taxation	67	68	Non-short realization of passengers tax/ Transport co-operative societies
442	250	Excise and Taxation	67	69	Maxi cabs, taxis and auto rickshaws
443	251	Excise and Taxation	67	70	City bus service
444	252	Excise and Taxation	67	71	Non levy of interest
445	253	Excise and Taxation	67	72	Non realization of goods tax and additional tax

446	254	Excise and Taxation	67	73	Non registration of maxi cabs
447	255	Excise and Taxation	67	74	Non disposal of challans
448	256	Excise and Taxation	68	61	Arrears of revenue
449	257	Excise and Taxation	68	62	Arrears in assessments
450	258	Excise and Taxation	68	63	Evasion of tax
451	259	Excise and Taxation	68	64	Write-off and waiver of revenue
452	260	Excise and Taxation	68	65	Refunds
453	261	Excise and Taxation	68	66	Results of Audit
454	262	Excise and Taxation	68	67	Non levy of interest
455	263	Excise and Taxation	68	68	Non levy of interest and penalty
456	264	Excise and Taxation	68	69	Arrears of sales tax
457	265	Excise and Taxation	68	70	Non inclusion of interest in the demand sent to liquidator
458	266	Excise and Taxation	68	71	Under assessment of tax due to incorrect determination of gross turnover
459	267	Excise and Taxation	68	72	Under assessment of tax due to application of incorrect rate
460	268	Excise and Taxation	68	73	Non levy of tax on liquor
461	269	Excise and Taxation	68	74	Results of Audit
462	270	Excise and Taxation	68	75	Non/short realization of passengers tax
463	271	Excise and Taxation	68	76	Non/short realization of passengers tax
464	272	Excise and Taxation	68	77	Non levy/recovery of penalty
465	273	Excise and Taxation	68	78	Non levy/recovery of penalty
466	274	Excise and Taxation	68	102	Analysis of arrears of revenue
467	275	Excise and Taxation	68	103	Arrears in assessments
468	276	Excise and Taxation	68	104	Performance of assessments
469	277	Excise and Taxation	68	105	Evasion of tax
470	278	Excise and Taxation	68	106	Write off and waiver of revenue
471	279	Excise and Taxation	68	107	Refunds
472	280	Excise and Taxation	68	108	Compliance with the earlier Audit s
473	281	Excise and Taxation	68	109	Results of Audit
474	282	Excise and Taxation	68	110	Absence of mechanism to verify the tax deposited before allowing input tax credit
475	283	Excise and Taxation	68	111	Absence of a monitoring mechanism to ensure cross verification of purchase transactions
476	284	Excise and Taxation	68	112	Misuse of declaration forms STD-IV/VAT-DI and C
477	285	Excise and Taxation	68	113	Incorrect allowing of exemption/ concession without declarations/ documents or against incomplete declaration/documents
478	286	Excise and Taxation	68	114	Non-levy of penalty
479	287	Excise and Taxation	68	115	Non-levy of penalty
480	288	Excise and Taxation	68	116	Short recovery of lump sum tax on Works contract

481	289	Excise and Taxation	68	117	Excess allowing of input tax credit
482	290	Excise and Taxation	68	118	Underassessment of tax due to allowing of excess benefit of deferment
483	291	Excise and Taxation	68	119	Underassessment of tax due to application of incorrect rate
484	292	Excise and Taxation	68	120	Inadmissible allowing of input tax credit
485	293	Excise and Taxation	68	121	Results of Audit
486	294	Excise and Taxation	68	122	Non/short realization of passengers tax from Co-operative Transport Societies
487	295	Excise and Taxation	68	123	Non/short realization of passengers tax from educational institutions
488	296	Excise and Taxation	68	124	Non/short recovery of passengers tax from tax from City Bus Operators
489	297	Excise and Taxation	68	125	Results of Audit
490	298	Excise and Taxation	68	126	Non-realisation of differential licence fee
491	299	Excise and Taxation	68	127	Short recovery of licence fee and interest
492	300	Excise and Taxation	70	31	Analysis of arrears of revenue
493	301	Excise and Taxation	70	32	Arrears in assessments
494	302	Excise and Taxation	70	33	Evasion of tax
495	303	Excise and Taxation	70	34	Write off and waiver of revenue
496	304	Excise and Taxation	70	35	Refunds
497	305	Excise and Taxation	70	36	Result of Audit
498	306	Excise and Taxation	70	37	Disposal of attached property
499	307	Excise and Taxation	70	38	Issue of recovery certificates
500	308	Excise and Taxation	70	39	Non-recovery of inter-district and inter-state arrears due to lack of co-ordination between the departmental officers and revenue authorities
501	309	Excise and Taxation	70	40	Non-recovery of inter-district and inter-state arrears due to lack of co-ordination between the departmental officers and revenue authorities
502	310	Excise and Taxation	70	41	Absence of provisions under HVAT Act to entertain appeals only on pre-payment of additional demands in dispute
503	311	Excise and Taxation	70	42	Absence of provision regarding allowances in installments in payment of arrears due
504	312	Excise and Taxation	70	43	Disposal of appeal cases by JETCs
505	313	Excise and Taxation	70	44	Non-declaration of arrears under Punjab Land Revenue Act
506	314	Excise and Taxation	70	45	Failure to initiate follow up action for recovery of arrears within the district
507	315	Excise and Taxation	70	46	Disposal of immovable property during the currency of recovery of arrears
508	316	Excise and Taxation	70	47	Underassessment of tax due to allowing of excess benefit of deferment

509	317	Excise and Taxation	70	48	Incorrect allowing of input tax credit
510	318	Excise and Taxation	70	49	Underassessment of tax due to inadmissible deduction from gross turnover
511	319	Excise and Taxation	70	50	Result of audit
512	320	Excise and Taxation	70	51	Non-realization of differential license fee
513	321	Excise and Taxation	70	52	Short recovery of license fee and interest
514	322	Excise and Taxation	70	53	Short recovery of license fee and interest
515	323	Excise and Taxation	70	54	Non-recovery of penalty
516	324	Excise and Taxation	70	55	Result of audit
517	325	Excise and Taxation	70	56	Educational institutions
518	326	Excise and Taxation	70	57	Transport co-operative societies
519	327	Excise and Taxation	70	58	City bus operators
520	328	Excise and Taxation	71	34	Compliance with the earlier Audit s
521	329	Excise and Taxation	71	35	Analysis of arrears of revenue
522	330	Excise and Taxation	71	36	Position of Inspection s
523	331	Excise and Taxation	71	37	Results of audit
524	332	Excise and Taxation	71	38	Leased machinery and equipments
525	333	Excise and Taxation	71	39	Short/non-levy of purchase tax and penalty due misuse of VAT-DI
526	334	Excise and Taxation	71	40	Short levy of lump sum tax on works contract
527	335	Excise and Taxation	71	41	Underassessment of tax due inadmissible deduction from gross turnover
528	336	Excise and Taxation	71	42	Underassessment of tax due inadmissible deduction from gross turnover
529	337	Excise and Taxation	71	43	Evasion of value added tax due to Suppression of purchases and sales
530	338	Excise and Taxation	71	44	Analysis of arrears of revenue
531	339	Excise and Taxation	71	45	Position of Audit s
532	340	Excise and Taxation	71	46	Results of audit
533	341	Excise and Taxation	71	47	Non-recovery/levy of penalty on illicit liquor owners
534	342	Excise and Taxation	71	48	Non-recovery/levy of penalty on illicit liquor owners
535	343	Excise and Taxation	71	49	Short/non-recovery of license fee and interest
536	344	Excise and Taxation	71	50	Short/non-recovery of license fee and interest
537	345	Excise and Taxation	71	51	Short/non-recovery of license fee and interest
538	346	Excise and Taxation	71	52	Analysis of arrears of revenue\
539	347	Excise and Taxation	71	53	Position of Audit s
540	348	Excise and Taxation	71	54	Results of audit
541	349	Excise and Taxation	71	55	City bus operators
542	350	Excise And Taxation	72	63	Analysis of arrears of revenue
543	351	Excise And Taxation	72	66	Results of audit



544	352	Excise And Taxation	72	67	Lack of co-ordination between implementing Agencies to recover the demand on premature Closure of business
545	353	Excise And Taxation	72	74	Irregular grant of concession/ exemption on invalid Forms/forms issued to other dealers
546	354	Excise And Taxation	72	75	Short/non-accounting of goods imported through Use of declaration form
547	355	Excise And Taxation	72	76	Input tax credit allowed incorrectly
548	356	Excise And Taxation	72	78	Incorrect deductions of High sea sale and Transit Sale
549	357	Excise And Taxation	72	79	Transit sale
550	358	Excise And Taxation	72	80	Transit sale
551	359	Excise And Taxation	72	81	Evasion of value added tax due to Suppression Of purchases and sale
552	360	Excise And Taxation	72	82	Non-realisation of differential license fee on Re-actiun
553	361	Excise and Taxation	73	112	Evasion of tax
554	362	Excise and Taxation	73	113	Non-Production of records to Audit for scrutiny
555	363	Excise and Taxation	73	114	Arrears in assessments
556	364	Excise and Taxation	73	117	Material supplied by contractee to contractor
557	365	Excise and Taxation	73	118	Other interesting cases
558	366	Excise and Taxation	73	121	Evasion of tax due to suppression of sales
559	367	Excise and Taxation	73	123	Analysis of arrears of revenue
560	368	Excise and Taxation	73	124	Non-realisation of differential license fee on re-auction
561	369	Excise and Taxation	73	125	Non/short recovery of interest
562	370	Excise and Taxation	73	126	Non/short recovery of license fee and interest
563	371	Excise and Taxation	74	70	Arrears in assessments
564	372	Excise and Taxation	74	71	Evasion of tax detected by the Department
565	373	Excise and Taxation	74	72	ITC allowed on Petroleum Products
566	374	Excise and Taxation	74	74	Incorrect/less reversal of ITC
567	375	Excise and Taxation	74	76	Non levy of tax and penalty on bogus claim of ITC
568	376	Excise and Taxation	74	77	Excess benefit of ITC
569	377	Excise and Taxation	74	79	Non production of records
570	378	Excise and Taxation	74	83	Under assessment of tax due to application of incorrect rate of tax
571	379	Excise and Taxation	74	85	Evasion of tax by submitting fake declaration forms 'C'
572	380	Excise and Taxation	74	89	Non-realisation of differential amount of license fee on re-allotment of vends

573	381	Excise and Taxation	74	90	Non/short recovery of license fee and interest
574	382	Excise and Taxation	74	91	Non/short recovery of licence fee and interest
575	383	Excise and Taxation	74	92	Non levy /recovery of penalty for illegal possession and trade of liquor
576	384	Excise and Taxation	74	93	Non/short realization of passengers tax from taxi/maxi owners
577	385	Excise and Taxation	75	75	Cases finalized after a delay of six months (under HGST Act):
578	386	Excise and Taxation	75	76	Disposal of remand cases under Haryana Value Addex Tax
579	387	Excise and Taxation	75	77	Disposal of remand cases under Haryana Value Added Tax Act
580	388	Excise and Taxation	75	78	Non compliance of directions of the Appellate Authority
581	389	Excise and Taxation	75	79	Non compliance of directions of the Appellate Authority
582	390	Excise and Taxation	75	80	Revision Cases
583	391	Excise and Taxation	75	82	Under assessment of tax due to application of incorrect rates of tax: Non/short leavey of tax
584	392	Excise and Taxation	75	83	Non levy of penalty for bogus ITC claim/sale suppression
585	393	Excise and Taxation	75	84	Suppression of Sale –Non levey of penalty for bogus ITC claim
586	394	Excise and Taxation	75	85	Suppression of Sale –Non levey of penalty for bogus ITC claim
587	395	Excise and Taxation	75	87	Evasion of tax by registered dealers
588	396	Excise and Taxation	75	89	Non/short levy of interest
589	397	Excise and Taxation	75	90	Result of Audit
590	398	Excise and Taxation	75	91	Non / short recovery of license fee from the licensees
591	399	Excise and Taxation	75	92	Non/short recovery of license fee from the licensees
592	400	Excise and Taxation	75	93	Surety bonds not collected before the allotment of vends
593	401	Excise and Taxation	75	94	Non-realization of differential license fee on re-auction
594	402	Excise and Taxation	75	95	Non /short recovery of interest
595	403	Excise and Taxation	75	96	Non levy/realization of penalty for short lifting of quarterly quota of liquor
596	404	Excise and Taxation	75	97	Non levy/recovery of peantly for illegal possession and trade of liquor
597	405	Excise and Taxation	78	1	Evasion of tax detected by the Department

598	406	Excise and Taxation	78	2	Non production of records to audit for scrutiny
599	407	Excise and Taxation	78	3	Absence of provision for finalization of assessment besides cancellation of Registration Certificate (RC)
600	408	Excise and Taxation	78	4	Non registration of works contractors
601	409	Excise and Taxation	78	5	Reduction in number of scrutiny cases
602	410	Excise and Taxation	78	6	Underassessment/irregular refund of tax due to application of incorrect rate of tax
603	411	Excise and Taxation	78	7	Underassessment due to allowing benefit against fake forms
604	412	Excise and Taxation	78	8	Evasion of tax due to suppression of sales/purchases and failure to levy penalty thereon
605	413	Excise and Taxation	78	9	Evasion of tax due to suppression of sales/purchases and failure to levy penalty thereon
606	414	Excise and Taxation	78	10	Evasion of tax due to suppression of sales/purchases and failure to levy penalty thereon
607	415	Excise and Taxation	78	11	Underassessment due to non levy of tax/interest/surcharge and allowing excess benefit of tax concession
608	416	Excise and Taxation	78	12	Underassessment / Excess refund due to non / incorrect reversal of ITC
609	417	Excise and Taxation	78	13	Underassessment / Excess refund due to non / incorrect reversal of ITC
610	418	Excise and Taxation	78	14	Underassessment / Excess refund due to non / incorrect reversal of ITC
611	419	Excise and Taxation	78	15	Underassessment/irregular refund due to misuse of form VAT D-1/VAT D-2
612	420	Excise and Taxation	78	16	Underassessment/irregular refund due to misuse of form VAT D-1/VAT D-2
613	421	Excise and Taxation	78	17	Non-consideration of stock of Paddy/Rice purchased against form VAT-D2
614	422	Excise and Taxation	78	18	Non levy of penalty under Section 10A of CST Act
615	423	Excise and Taxation	78	19	Excess refund due to allowing deduction against invalid documents
616	424	Excise and Taxation	78	20	Irregular refund to contractors/traders
617	425	Excise and Taxation	78	21	Irregular refund to contractors of DMRC
618	426	Excise and Taxation	78	22	Non maintenance of Demand and Collection register (DCR)of returns (VAT G-8)

619	427	Excise and Taxation	78	23	Late servicing of assessment orders and demand notices
620	428	Excise and Taxation	78	24	Non examination of assessment cases by DETCs/JETCs
621	429	Excise and Taxation	78	25	Loss of revenue due to delay in re-assessment of the cases
622	430	Excise and Taxation	78	26	Recovery of demand created during the year
623	431	Excise and Taxation	78	27	Incorrect benefit of ITC on goods not sold
624	432	Excise and Taxation	78	29	Non/short levy of tax due to incorrect classification
625	433	Excise and Taxation	78	30	Excess allowance of deposit of tax
626	434	Excise and Taxation	78	31	Non levy of tax on sale of chemicals
627	435	Excise and Taxation	78	32	Short levy of tax on sale of pipes
628	436	Excise and Taxation	78	33	Non levy of additional tax/penalty for misuse of Form VAT D-1
629	437	Excise and Taxation	78	34	Evasion of tax due to suppression of Sales
630	438	Excise and Taxation	78	35	Results of audit
631	439	Excise and Taxation	78	36	Non/short levy of license Fee and interest
632	440	Excise and Taxation	78	37	Non/short levy of license Fee and interest
633	441	Excise and Taxation	78	38	Non levy/recovery of penalty for illegal possession and trade of liquor
634	442	Excise and Taxation	82	73	Non production of records to audit for scrutiny
635	443	Excise and Taxation	82	74	Non-disposal of attached property
636	444	Excise and Taxation	82	75	Deletion of demand against false forms
637	445	Excise and Taxation	82	76	Irregular deletion/concealment of arrears
638	446	Excise and Taxation	82	77	Failure to initiate follow up action
639	447	Excise and Taxation	82	78	Non levy of interest
640	448	Excise and Taxation	82	79	Under assessment of tax due to calculation mistake
641	449	Excise and Taxation	82	80	Short/Non levy of tax due to incorrect classification
642	450	Excise and Taxation	82	81	Short/Non levy of tax due to incorrect classification
643	451	Excise and Taxation	82	82	Short/Non levy of tax due to incorrect classification
644	452	Excise and Taxation	82	83	Non levy of interest
645	453	Excise and Taxation	82	84	Incorrect benefit of input tax credit on goods not sold
646	454	Excise and Taxation	82	85	Results of audit
647	455	Excise and Taxation	82	86	Non/short deposit of security and additional security
648	456	Excise and Taxation	82	87	Non/short recovery of license fee and interest

649	457	Excise and Taxation	82	88	Non/short recovery of license fee and interest
650	458	Excise and Taxation	82	89	Non-realisation of differential license fee on re-auction
651	459	Excise and Taxation	82	90	Non-realisation of differential license fee on re-auction
652	460	Excise and Taxation	82	91	Non-levy of penalty/additional excise duty on short/excess lifting of quarterly basic quota
653	461	Excise and Taxation	82	92	Non-levy of penalty/additional excise duty on short/excess lifting of quarterly basic quota
654	462	Excise and Taxation	82	93	Non-recovery/levy of penalty for illegal possession and trade of liquor
655	463	Excise and Taxation	82	94	Non-recovery/levy of penalty for illegal possession and trade of liquor
656	464	Excise and Taxation	82	95	Internal control mechanism
657	465	Excise and Taxation	82	96	Inadequate coverage of internal audit
658	466	Excise and Taxation	82	97	Result of Audit
659	467	Excise and Taxation	84	1	Non production of records to audit for scrutiny
660	468	Excise and Taxation	84	2	Under-assessment due to wrong exemption/concession against false form and allowing benefit of tax on sale to non existing dealers
661	469	Excise and Taxation	84	3	Non adherence to privsions of exemption and concessions
662	470	Excise and Taxation	84	4	Non-disposal of attached property
663	471	Excise and Taxation	84	5	Deletion of demand against false forms
664	472	Excise and Taxation	84	6	Irregular deletion/concealment of arrears
665	473	Excise and Taxation	84	7	Failure to initiate follow up action
666	474	Excise and Taxation	84	8	Non levy of interest
667	475	Excise and Taxation	84	9	Under assessment of tax due to calculation mistake
668	476	Excise and Taxation	84	10	Short/Non levy of tax due to incorrect classification
669	477	Excise and Taxation	84	11	Short/Non levy of tax due to incorrect classification
670	478	Excise and Taxation	84	12	Short/Non levy of tax due to incorrect classification
671	479	Excise and Taxation	84	13	Non levy of interest
672	480	Excise and Taxation	84	14	Incorrect benefit of input tax credit on goods not sold
673	481	Excise and Taxation	84	15	Results of audit

674	482	Excise and Taxation	84	16	Non/short deposit of security and additional security
675	483	Excise and Taxation	84	17	Non/short recovery of license fee and interest
676	484	Excise and Taxation	84	18	Non/short recovery of license fee and interest
677	485	Excise and Taxation	84	19	Non-realisation of differential license fee on re-auction.
678	486	Excise and Taxation	84	20	Non-realisation of differential license fee on re-auction
679	487	Excise and Taxation	84	21	Non-levy of penalty/additional excise duty on short/excess lifting of quarterly basic quota
680	488	Excise and Taxation	84	22	Non-levy of penalty/additional excise duty on short/excess lifting of quarterly basic quota
681	489	Excise and Taxation	84	23	Non-recovery/levy of penalty for illegal possession and trade of liquor
682	490	Excise and Taxation	85	1	Analysis of arrears of revenue:
683	491	Excise and Taxation	85	2	Response of the Government/ Departments towards audit:/Department wise details of Inspection Reports:
684	492	Excise and Taxation	85	3	Non production of Records of audit for scrutiny:
685	493	Excise and Taxation	85	4	Filing of returns:
686	494	Excise and Taxation	85	5	Evasion of tax by unregistered contractors:/registration of contractors:
687	495	Excise and Taxation	85	6	Non levy of Interest:
688	496	Excise and Taxation	85	7	Non levy of Tax/Penalty for misuse of form VAT D-1:
689	497	Excise and Taxation	85	8	Short levy of tax and interest due to application of incorrect rate of tax:
690	498	Excise and Taxation	85	9	Exemption of tax on Sub-Contract without supporting documents
691	499	Excise and Taxation	85	10	Allowing benefit of Works Contract Tax (WCT) without verification
692	500	Excise and Taxation	85	11	Under-assessment of tax due to calculation mistake
693	501	Excise and Taxation	85	12	Under-assessment of tax due to allowing excess benefit of ITC
694	502	Excise and Taxation	85	13	Under-assessment of tax due to short assessment of taxable turnover

695	503	Excise and Taxation	85	14	Excess deduction of Labour and Services without recorded reasons
696	504	Excise and Taxation	85	15	Non levy of tax on material supplied by contractee to contractor
697	505	Excise and Taxation	85	16	Short assessment of tax under amnesty scheme
698	506	Excise and Taxation	85	17	Under-assessment of tax due to allowing concessional tax on invalid forms 'C'
699	507	Excise and Taxation	85	18	Under-assessment of tax due to assessment on less turnover
700	508	Excise and Taxation	85	19	Under-assessment of tax due to allowing benefit against invalid
701	509	Excise and Taxation	85	20	Forms 'F'
702	510	Excise and Taxation	85	21	Under-assessment of tax due to allowing excess benefit of ITC on stock transfer or losses Short/non reversal of ITC by Assessing Authority resulted in excess benefit of ITC of Rs.9.04 crore
703	511	Excise and Taxation	85	22	Incorrect benefit of Input Tax Credit on goods not sold
704	512	Excise and Taxation	85	23	Non levy of tax
705	513	Excise and Taxation	85	24	Under-assessment of tax due to calculation mistake
706	514	Excise and Taxation	85	25	Non levy of interest
707	515	Excise and Taxation	85	26	Inadmissible Input Tax Credit
708	516	Excise and Taxation	85	27	Under-assessment of tax due to application of incorrect rate of tax
709	517	Excise and Taxation	85	28	Incorrect benefit of tax deposit into Government Accounts without verification
710	518	Excise and Taxation	85	29	Results of audit
711	519	Excise and Taxation	85	30	Non/short recovery of interest
712	520	Excise and Taxation	85	31	Non levy/realisation of penalty for short lifting of quarterly quota of liquor
713	521	Excise and Taxation	85	32	Non-realisation of differential licence fee
714	522	Excise and Taxation	86	1	Non production of Records of audit for scrutiny
715	523	Excise and Taxation	86	2	Recovery in accepted cases
716	524	Excise and Taxation	86	3	Results of Audit
717	525	Excise and Taxation	86	4	Evasion of tax due to supersession of sales
718	526	Excise and Taxation	86	5	Evasion of tax due to suppression of purchase
719	527	Excise and Taxation	86	6	input Tax Credit incorrectly allowed on Capital Goods and Petroleum Products
720	528	Excise and Taxation	86	7	Incorrect benefit of input Tax Credit on goods not sold
721	529	Excise and Taxation	86	8	Under assessment of tax due to mistake in calculation

722	530	Excise and Taxation	86	9	Under assessment of tax due to application of incorrect rate of tax
723	531	Excise and Taxation	86	10	Under assessment of tax due to non levy of tax on handling charges
724	532	Excise and Taxation	86	11	Tax benefits allowed against invalid forms 'F'
725	533	Excise and Taxation	86	12	Non levy of interest
726	534	Excise and Taxation	86	13	Non levy of tax on taxable goods
727	535	Excise and Taxation	86	14	Non levy of penalty
728	536	Excise and Taxation	86	15	Results of audit
729	537	Excise and Taxation	86	16	Non levy of penalty for short lifting of quarterly quota of liquor
730	538	Excise and Taxation	86	17	Non levy of interest on delayed payment of license fee
731	539	Excise and Taxation	87	1	Analysis of rears of revenue
732	540	Excise and Taxation	87	2	Internal Audit
733	541	Excise and Taxation	87	3	Recovery in accepted cases
734	542	Excise and Taxation	87	4	Non levy of tax on purchases under Composition scheme
735	543	Excise and Taxation	87	5	Loss of revenue due to non-reversal of Input Tax Credit
736	544	Excise and Taxation	87	6	Inadmissible Input Tax Credit:
737	545	Excise and Taxation	87	7	Evasion of Tax due to non-accountal of inter-state purchases
738	546	Excise and Taxation	87	8	Non/Short levy of interest
739	547	Excise and Taxation	87	9	Evasion of tax to suppression of sales
740	548	Excise and Taxation	87	10	Under assessment of tax due to allowing concessional rate of tax against invalid farms 'C'
741	549	Excise and Taxation	87	11	Under assessment of tax due to application of incorrect rate of tax
742	550	Excise and Taxation	87	12	Results of audit
743	551	Excise and Taxation	87	13	Non/short recovery of interest
744	552	Excise and Taxation	87	14	Non-recovery/ levy of penalty for illegal possession
<b>Finance</b>					
745	1	Haryana State Lotteries	36	25	Suspended misappropriation of Government money
746	2	Haryana State Lotteries	46	36	Appointment of main stockists
747	3	Haryana State Lotteries	46	40	Other points of interest
748	4	Finance (Lotteries)	50	146	Results of Audit
749	5	Haryana State Lotteries	52	87	Short Deposit of State proceeds of lottery tickets
750	6	Finance	56	14	Overpayment of pensionary benefits
751	7	Finance	58	40	Loans to Municipal Councils/ Municipal Committees
752	8	Finance	58	72	Overpayment of pensionary benefits



753	9	Finance	63	38	Results of Audit
754	10	Finance	65	20	Overpayment of pensionary benefits
755	11	Finance	67	37	Overpayment of pensionary benefits
756	12	Finance	88	1	Excess expenditure and its regularization
757	13	Finance	88	2	Excess expenditure and its regularization
758	14	Finance	88	3	Excess expenditure and its regularization
759	15	Finance	89	1	Budget and Expenditure under development scheme 'District Plan'
760	16	Finance	89	2	Delays in submission of approved District Plan
761	17	Finance	89	3	Lapse of grant under "District Plan" Scheme Rs.148.81 crore
762	18	Finance	89	4	Expenditure made on the works not permissible under District Plan Scheme Rs.5.52 crore
763	19	Finance	89	5	Incomplete/unutilized works
764	20	Finance	89	6	Execution of works undertaken without tender
765	21	Finance	89	7	Common Deficiencies in execution of works executed under District plan scheme
766	22	Finance	89	8	Non/short monitoring of works by DDMC quarterly
767	23	Finance	89	9	Physical inspection not conducted for development works executed under District Plan
768	24	Finance	89	10	Work not found constructed at site with expenditure of Rs 9.90 lakh
769	25	Finance	89	11	Irregularities in payment of pensioners/family pensioners
770	26	Finance	89	90	Non-implementation of DBT on all schemes of all department
<b>Food and Drug Administration</b>					
771	1	Food and Drug Administration	79	28	Non-conducting of survey and non-registration of Food Business Operators
772	2	Food and Drug Administration	79	29	Inadequate infrastructure facilities in the food laboratories
773	3	Food and Drug Administration	79	30	Non-availability of infrastructure and equipment with FSOs/DOs for safe storage of food samples
774	4	Food and Drug Administration	79	31	Inspection of registered establishment
775	5	Food and Drug Administration	79	32	Non-achievement of targets for collection of samples
776	6	Food and Drug Administration	79	33	Non-adjudication against offenders of sub-standard/misbranded samples

777	7	Food and Drug Administration	79	34	Delay in adjudication of cases
778	8	Food and Drug Administration	79	35	Availability of manpower
779	9	Food and Drug Administration	79	36	Information, Education and Communication activities
780	10	Food and Drug Administration	79	37	Conclusion
<b>Food, Civil Supplies &amp; Consumer Affairs</b>					
781	1	Food, Civil supplies & Consumer Affairs	23	35	Haryana State Federation of Consumer Co-operative Wholesale Stores Limited, Chandigarh
782	2	Food, Civil supplies & Consumer Affairs	34	47	Under storage of wheat
783	3	Food, Civil supplies & Consumer Affairs	36	7	Loss due to storage of wheat.
784	4	Food, Civil supplies & Consumer Affairs	40	47	Damage caused to wheat in Storage
785	5	Food, Civil supplies & Consumer Affairs	42	42	Loss due to negligence
786	6	Food, Civil supplies & Consumer Affairs	60	90	Loss due to delay in supply of wheat to Food Corporation of India
787	7	Food, Civil supplies & Consumer Affairs	63	68	(i) Food Security, Subsidy and Management of Foodgrain ii) Financial arrangements
788	8	Food, Civil supplies & Consumer Affairs	63	69	Loss of interest due to delay in deposit of cheques
789	9	Food, Civil supplies & Consumer Affairs	63	70	Loss due to non adherence of the instructions of FCI
790	10	Food, Civil supplies & Consumer Affairs	63	71	Millers had not supplied the rice after milling of paddy
791	11	Food, Civil supplies & Consumer Affairs	63	72	Loss due to damage of wheat
792	12	Food, Civil supplies & Consumer Affairs	63	73	Suspected misappropriation/pilferage of wheat due to short accounting of moisture gain
793	13	Food, Civil supplies & Consumer Affairs	65	14	State/District Consumer Protection Councils not functional
794	14	Food, Civil supplies & Consumer Affairs	65	16	Excess consumption of gunny bags
795	15	Food, Civil supplies & Consumer Affairs	68	30	Loss due to lack of supervision and improper storage of wheat stock
796	16	Food, Civil supplies & Consumer Affairs	72	47	Loss of interest due to delay in claiming refund of Bonus paid to farmers
797	17	Food, Civil supplies & Consumer Affairs	75	58	Loss due to distribution of food grains to ineligible ration card holders
798	18	Food, Civil supplies & Consumer Affairs	77	39	Avoidable payment of interest due to delay in realization of bills from Food Corporation of India

799	19	Food, Civil supplies & Consumer Affairs	77	40	Compliance of terms and conditions of milling agreements for Custom Milled Rice
800	20	Food, Civil supplies & Consumer Affairs	77	41	Non-delivery of rice by millers
801	21	Food, Civil supplies & Consumer Affairs	77	42	Non-recovery from the millers
802	22	Food, Civil supplies & Consumer Affairs	77	43	Non-recovery of amount of value cut and moisture cut from millers
803	23	Food, Civil supplies & Consumer Affairs	77	44	Non-adherence of guidelines
804	24	Food, Civil supplies & Consumer Affairs	80	13	Non-realisation of claims from FCI and extra burden of interest
805	25	Food, Civil supplies & Consumer Affairs	80	14	Delay in furnishing utilization certificates
806	26	Food, Civil supplies & Consumer Affairs	81	14	Extra burden of interest
807	27	Food, Civil supplies & Consumer Affairs	81	15	Loss due to suspected misappropriation of paddy
808	28	Food, Civil supplies & Consumer Affairs	81	16	Delay in furnishing utilization certificates
809	29	Food, Civil supplies & Consumer Affairs	82	28	Misappropriation of paddy due to violation of laid down norms by the department
810	30	Food, Civil supplies & Consumer Affairs	82	29	Extra burden of interest due to delay in claiming diriage charges.
811	31	Food, Civil supplies & Consumer Affairs	82	30	Delay in furnishing utilisation certificate (S.F.)
812	32	Food, Civil supplies & Consumer Affairs	83	1	Loss to the State Exchequer due to delayed claim of lower interest charges
813	33	Food, Civil supplies & Consumer Affairs	83	2	Irregular expenditure on watch and ward
814	34	Food, Civil supplies & Consumer Affairs	83	3	Delay in submission of Utilisation Certificates
815	35	Food, Civil supplies & Consumer Affairs	89	54	Loss due to less claim and delay in submission of claims of Central Assistance from Government of India
<b>Forest &amp; Wildlife</b>					
816	1	Forest	56	5	Rehabilitation of common lands in Aravali Hills
817	2	Forest	58	3	Rehabilitation of common lands in Aravalli Hills
818	3	Forest	58	41	Short Recovery of royalty on forest produce
819	4	Forest	58	130	Loss due to delay in harvesting of poplar trees
820	5	Forest	58	132	Absence of physical verification of timer
821	6	Forest	63	79	Nugatory expenditure
822	7	Forest	80	15	Unfruitful expenditure on water harvesting structure
823	8	Forest	82	31	Encroachment of forest land
824	9	Forest	82	33	Poor/inadequate control Failur

825	10	Forest	82	34	Delay in furnishing utilisation certificates (SF)
826	11	Forest	83	20	Delay in submission of Utilisation Certificates
827	12	Forest	89	55	Loss of revenue alongwith avoidable extra expenditure thereof
828	13	Forest	89	56	Delay in submission of Utilisation Certificates
<b>General</b>					
829	1	General	52	65	Write-off of losses etc
830	2	General	58	44	Results of Audit
831	3	General	58	97	Write-off of losses, etc
832	4	General	61	28	Misappropriations, defalcations, etc.
833	5	General	61	31	Lack of accountability
834	6	General	63	84	Financial assistance to local bodies and other institutions
835	7	General	63	85	Misappropriations, defalcations, etc.
836	8	General	63	86	Write-off of losses, etc.
837	9	General	64	9	Financial assistance to local bodies and others institutions
838	10	General	64	10	Misappropriations, defalcations etc.
839	11	General	64	11	Write-off losses etc.
840	12	General	65	23	Financial assistance to local bodies and other institutions
841	13	General	65	24	Misappropriations, defalcations, etc.
842	14	General	65	25	Write-off of losses, etc.
<b>Health &amp; Family Welfare</b>					
843	1	Medical and Health	38	18	Stores and Stock
844	2	Medical and Health	56	6	Working of Medical and Health Department including Manpower Management
845	3	Medical and Health	56	7	Hospitals and dispensaries
846	4	Medical and Health	56	9	Hospital Waste Management
847	5	Medical and Health	58	68	Working of Pandit Bhagwat Dayal Sharma Post Graduate Institute of Medical Sciences, Rohtak
848	6	Medical and Health	58	69	Implementation of Prevention of Food Adulteration Act
849	7	Medical and Health	60	3	Prevention and Control of Diseases.
850	8	Medical and Health	62	56	Manpower
851	9	Medical and Health	62	57	Manufacturing and selling units
852	10	Medical and Health	62	59	Statistics of prosecutions vis-à-vis cases filed
853	11	Family welfare	65	22	Lack of response to Audit findings and observations resulting in erosion of accountability
854	12	Health	68	44	Avoidable payment due to non-insurance of vehicles

855	13	Health	68	45	Unauthorized retention of the departmental receipts outside the Consolidated Fund of the State
856	14	Health	68	47	Follow up on Audits
857	15	Health	70	3	Financial Management
858	16	Health	70	4	Shortage of staff at CHC and PHC level
859	17	Health	70	6	Unfruitful expenditure on purchase of food testing equipment
860	18	Health	72	4	Outstanding loans and advances
861	19	Health and Family Welfare	73	70	Embezzlement due to inadequate internal control
862	20	Health	74	15	Construction of CHCs, PHCs and SCs
863	21	Health	74	16	Improper-functioning of PHCs/Sub-Centres
864	22	Health	74	17	Lack of basic amenities in Sub-Centres
865	23	Health	74	19	Dispensing adulterated/spurious medicines to the patients
866	24	Health	74	20	Unfruitful expenditure on non-functional Drug Testing Laboratory and State Ayurvedic Pharmacy
867	25	Health	74	21	Embezzlement due to inadequate financial control
868	26	Health	75	59	Non-recovery of bond money
869	27	Health	77	45	Utilization of funds by Red cross Society
870	28	Health	77	46	Training to the handicapped persons
871	29	Health	81	17	Award of rate contract to ineligible firms
872	30	Health	81	18	Purchase of medicines from blacklisted firms
873	31	AYUSH(Health)	82	25	Loss of revenue
874	32	AYUSH(Health)	89	49	Cost over-run of Rs 3.39 crore and infructuous expenditure of Rs 48.89 lakh due to failure of internal controls in finalization of site
875	33	AYUSH(Health)	89	50	Delay in submission of Utilisation Certificates
<b>Higher Education</b>					
876	1	Higher Education	52	6	Extra expenditure on purchase of paper
877	2	Higher Education	72	12	Performance evaluation
878	3	Higher Education	72	13	Misappropriations, losses, defalcations, etc.
879	4	Higher Education	77	22	Implementation of reservation / fee concession policy
880	5	Higher Education	77	23	Infrastructure
881	6	Higher Education	77	24	Internal control mechanism
882	7	Higher Education	80	2	Non-adjustment of temporary advances
883	8	Higher Education	80	3	Avoidable payment of Service Tax
884	9	Higher Education	80	4	Computerisation of University Activities
885	10	Higher Education	89	51	Avoidable expenditure of Rs.92.58 lakh due to irregularities in purchase of library books

Home					
886	1	Home(Jail)	50	9	Injudicious purchase
887	2	Home	56	18	Stores and Stock
888	3	Home	63	49	Arrears of revenue
889	4	Home	63	50	Results of Audit
890	5	Home	63	77	Wasteful expenditure on creation of Haryana State Industrial Security Force
891	6	Home	67	38	Inadmissible payment of conveyance allowance to the newly recruited constables during basic training period
892	7	Home	68	37	Extra expenditure on account of delayed payment of land, compensation and interest thereon
893	8	Home	68	94	Arrears of revenue
894	9	Home	68	95	Results of Audit
895	10	Home	68	161	Analysis of arrears of revenue
896	11	Home	70	11	Delay/non-completion of building works
897	12	Home	70	72	Non-realization of police cost from Railways
898	13	Home	70	73	Non-existence of system to monitor the raising of claims for incentive money for passport verification s
899	14	Home	70	75	Non-short raising of bills
900	15	Home	70	76	Non-short raising of bills
901	16	Home	70	77	Non-disposal of arms and ammunition
902	17	Home	73	65	Non-forfeiture of surety bonds
903	18	Home and Administration of Justice	75	61	Management of properties of Haryana Wakf Board
904	19	Home	77	49	Non-implementation of Outdoor Surveillance System
905	20	Home(Jail)	80	8	Outstanding recoveries on account of job work/sales by jail factories
906	21	Home(Jail)	80	12	Non-constitution of Board of Visitors for inspection of Jails
907	22	Home	82	35	Unauthorised use of golf course on Government land
Housing					
908	1	Housing (Housing Board)	81	20	Avoidable expenditure on abandoned housing project
909	2	Housing (Housing Board)	82	36	Avoidable payment of income tax and non-realisation of interest
Skill Development & Industrial Training					
910	1	Industrial Training	62	80	Delay in issue of Inspection s and settlement of old objections
911	2	Industrial Training and Vocational Education	77	50	Blockade of funds due to injudicious selection of site
912	3	Industrial Training	79	39	Purchases without tendering process

913	4	Industrial Training	79	40	Non-utilization of surplus machinery and tools
914	5	Industrial Training	80	53	Misappropriations, losses, defalcations, etc.
915	6	Industrial Training	82	66	Delay in furnishing utilisation certificates (S.F.)
916	7	Skill development Industrial training	83	27	Delay in submission of Utilisation Certificates
917	8	Skill development Industrial training	89	66	Misappropriations, losses, defalcations, etc.
<b>Industries and Commerce</b>					
918	1	Industries and Commerce	16	2(d)	Supply of setting up industries unit in selected backward areas
919	2	Industries and Commerce	22	10 (ii)	Industrial Estate
920	3	Industries and Commerce	32	4	Development of small industries
921	4	Industries and Commerce	36	13	Non-utilization of loan
922	5	Industries and Commerce (Supplies and Disposal)	40	49	Extra expenditure due to retendering
923	6	Industries and Commerce	50	5	Capital investment subsidy
924	7	Industries and Commerce	64	66	Results of Audit
925	8	Industries and Commerce	68	92	Non recovery of loans granted in lieu of deferment of sales tax and interest
926	9	Industries and Commerce	72	117	Non/short recovery of interest free loan
927	10	Industries and Commerce	73	87	Delay in furnishing utilization certificates (STATE FINANCES)
928	11	Industries and Commerce	79	43	Non-recovery of grants-in-aids - Irregularities in conducting entrepreneurship development programmes
929	12	Industries and Commerce (Supplies and Disposal)	81	21	Information Technology Audit of e-Procurement system
930	13	Industries and Commerce(Supplies and Disposal)	81	22	Delay in furnishing utilization certificates
<b>Information, Public Relations and Cultural Affairs</b>					
931	1	Information, Public Relations and Cultural Affairs	75	63	Irregularities in the functioning of the Information, Public Relations and Cultural Affairs Department
932	2	Public Relations	80	17	Effectiveness of advertisement on TV channels
<b>Irrigation and Water Resources</b>					
933	1	Irrigation and Water Resources	46	34	Procurement of sub-standard cement
934	2	Irrigation and Water Resources	54	90	Short recovery of lease rent
935	3	Irrigation and Water Resources	60	39	Land under unauthorized possessions

936	4	Irrigation and Water Resources	60	41	Recoverable amount
937	5	Irrigation and Water Resources	60	42	Store management
938	6	Irrigation and Water Resources	60	46	Recoverable amount from HUDA.
939	7	Irrigation and Water Resources	67	30	Extra avoidable expenditure on land acquisition
940	8	Irrigation and Water Resources	68	98	Results of Audit
941	9	Irrigation and Water Resources	72	36	Excess payment due to adoption of incorrect Wholesale price index of steel
942	10	Irrigation and Water Resources	73	6	Planning
943	11	Irrigation and Water Resources	73	10	Damage of head regulator costing Rs. 1.35 crore
944	12	Irrigation and Water Resources	73	13	Non-recovery of balance amount from LAO
945	13	Irrigation and Water Resources	73	15	Non-recovery/adjustment of amount lying in MPWA against staff and others
946	14	Irrigation and Water Resources	73	20	Utilisation of Acquired/Allotted Land and Management of Government Land
947	15	Irrigation and Water Resources	73	22	Extra voidable expenditure due to non-use of excavated earth in dam embankments
948	16	Irrigation and Water Resources	75	65	Irregularities and deficiencies in construction of Dam across river Kaushalya near Panchkula
949	17	Irrigation and Water Resources	75	66	Miscellaneous Public Works Advances
950	18	Irrigation and Water Resources	82	63	Misappropriations, losses, defalcations, etc. (S.F.)
951	19	Irrigation and Water Resources	83	19	Misappropriations, losses, thefts, etc
952	20	Irrigation and Water Resources	89	43	Irregularities in the tender assessment process followed by Tender Allotment Committee
953	21	Irrigation and Water Resources	89	44	Ignoring the necessity of signature by Engineer-in Charge
954	22	Irrigation and Water Resources	89	45	Making signatures of Engineer-in-Charge necessary in contravention to provisions of SBD
955	23	Irrigation and Water Resources	89	46	Discrimination in tender evaluation amongst the tender cases
956	24	Irrigation and Water Resources	89	47	Updated standard bidding document
957	25	Irrigation and Water Resources	89	48	Misappropriations, losses, thefts, etc.:
<b>Labour</b>					



958	1	Labour and Employment	72	48	Non-achievement of objectives due to non-Utilization of cess funds
959	2	Labour	73	3	Short realization of cess
960	3	Labour	73	4	Short collection of cess
961	4	Labour	73	5	Delayed/non-deposit of cess
962	5	Labour	79	45	Delay in construction of Workers' Facilitation Centres
963	6	Labour	80	18	Non-utilization of funds on Welfare Schemes for Construction Workers and avoidable payment of Income Tax
964	7	Labour (ESI)	81	53	Delay in furnishing utilization certificates:
965	8	Labour	82	64	Misappropriations, losses, defalcations, etc. (S.F.)
966	9	Labour	83	8	Recoverable amount from employers against declined cheques
967	10	Labour	83	9	Misappropriations, losses, thefts, etc
968	11	Labour	89	58	Delay in furnishing utilization certificates:
969	12	Labour	89	59	Misappropriations, losses, thefts, etc
<b>Medical Education and Research</b>					
970	1	Medical Education and Research	77	27	Irregularities noticed in respect of bank guarantees
971	2	Medical Education and Research	79	10	Deficiencies in maintenance of records and suspected embezzlement
972	3	Medical Education and Research	79	11	Non-adjustment of advances
973	4	Medical Education and Research	79	14	Implementation of Schemes -Pradhan Mantri Swasthya Suraksha Yojana
974	5	Medical Education and Research	79	16	Avoidable payment of Service Tax
975	6	Medical Education and Research	79	17	Improper evaluation of bids
<b>Mines and Geology</b>					
976	1	Mines and Geology	29	71	Results of Audit
977	2	Mines and Geology	32	47	Uncollected revenue
978	3	Mines and Geology	32	48	Results of Audit
979	4	Mines and Geology	34	55	Uncollected revenue
980	5	Mines and Geology	38	50	Results of Audit
981	6	Mines and Geology	38	51	Receipts from Mines and Minerals
982	7	Mines and Geology	40	93	Outstanding Inspections
983	8	Mines and Geology	40	94	Results of Audit
984	9	Mines and Geology	44	48	Uncollected Revenue
985	10	Mines and Geology	44	50	Results of Audit
986	11	Mines and Geology	44	53	Short Calculation of interest
987	12	Mines and Geology	44	54	Uncollected Revenue
988	13	Mines and Geology	44	56	Results of Audit

989	14	Mines and Geology	44	57	Non-realisation of contract money and interest
990	15	Mines and Geology	44	58	Non-recovery of dead rent and interest thereon
991	16	Mines and Geology	44	59	Interest not charged on delayed payments
992	17	Mines and Geology	44	60	Uncollected revenue
993	18	Mines and Geology	44	61	Results of Audit
994	19	Mines and Geology	44	62	Non-recovery of contract money and interest
995	20	Mines and Geology	44	63	Non-recovery/Short-recovery of royalty
996	21	Mines and Geology	44	64	Interest not charged
997	22	Mines and Geology	48	14	Arrears in revenue
998	23	Mines and Geology	48	15	Outstanding inspection s and audit observations
999	24	Mines and Geology	50	112	Results of Audit
1000	25	Mines and Geology	50	139	Arrears in revenue
1001	26	Mines and Geology	54	97	Arrears in revenue
1002	27	Mines and Geology	54	98	Results of Audit
1003	28	Mines and Geology	54	99	Short recovery of contract money and interest
1004	29	Mines and Geology	58	19	Arrears in revenue
1005	30	Mines and Geology	58	20	Results of Audit
1006	31	Mines and Geology	58	21	Receipts from Mines and Minerals
1007	32	Mines and Geology	58	22	Non/Short recovery of dead rent, royalty and interest
1008	33	Mines and Geology	58	23	Non/Short recovery of royalty from Brick Kiln Owners
1009	34	Mines and Geology	58	24	Non-recovery of lease fee on short term permits
1010	35	Mines and Geology	58	25	Non recovery of interest on belated payments
1011	36	Mines and Geology	63	47	Arrears of revenue
1012	37	Mines and Geology	63	48	Results of Audit
1013	38	Mines and Geology	65	65	Arrears of revenue
1014	39	Mines and Geology	65	66	Arrears of revenue
1015	40	Mines and Geology	65	67	Non/short recovery of royalty and interest
1016	41	Mines and Geology	67	75	Non recovery of royalty and interest
1017	42	Mines and Geology	68	79	Results of Audit
1018	43	Mines and Geology	70	81	Result of audit
1019	44	Mines and Geology	70	82	Non-recovery of royalty and interest
1020	45	Mines and Geology	71	82	Results of audit
1021	46	Mines and Geology	71	83	Non-recovery of royalty and interest
1022	47	Mines and Geology	72	121	Non-recovery of royalty and interest
1023	48	Mines and Geology	73	144	Rusults of Audit
1024	49	Mines and Geology	73	145	Non/short realisation of bid money

1025	50	Mines and Geology	74	117	Non/short realisation of bid money
1026	51	Mines and Geology	78	49	Non/short recovery of royalty and interest
1027	52	Mines and Geology	82	110	Result of Audit
1028	53	Mines and Geology	82	111	Non/short recovery of royalty and interest
1029	54	Mines and Geology	84	37	Result of Audit
1030	55	Mines and Geology	84	38	Non recovery of contract money and interest
1031	56	Mines and Geology	84	39	Non/short recovery of royalty and interest
1032	57	Mines and Geology	85	45	Termination of Contract
1033	58	Mines and Geology	85	46	Delayed/non-execution of agreements
1034	59	Mines and Geology	85	47	Receipts from mining contracts and leases Short/non-deposit of contract money and interest thereon
1035	60	Mines and Geology	85	48	Delayed/non-deposit of monthly installment to the Fund and interest thereon
1036	61	Mines and Geology	85	49	Lack of monitoring of the Fund
1037	62	Mines and Geology	85	50	Non preparation of District Survey Report (DSR)
1038	63	Mines and Geology	85	51	Mapping of allotted sand mining area:
1039	64	Mines and Geology	85	52	Identification of unauthorized mining activities Nagli Block YNR B-1
1040	65	Mines and Geology	85	53	Verification of environmental clearance conditions
1041	66	Mines and Geology	85	54	Short/non-recovery of royalty, additional royalty and interest thereon from brick kiln owners
1042	67	Mines and Geology	86	30	Results of audit
1043	68	Mines and Geology	86	31	Short/non recovery of advance monthly instalments and interest
1044	69	Mines and Geology	86	32	Short/non deposit in Mines and Mineral Development, Restoration and Rehabilitation Fund
1045	70	Mines and Geology	86	33	Non/short recovery of royalty and interest
<b>Other Administrative Services</b>					
1046	1	Other administrative services	83	25	Delay in submission of Utilisation Certificates
1047	2	Other administrative services	89	64	Delay in submission of Utilisation Certificates
<b>Power (Chief Electrical Inspector)</b>					
1048	1	Power (Chief Electrical Inspector)	52	76	Non-charging of electricity duty on extended load
1049	2	Power (Chief Electrical Inspector)	52	77	Short realization of electricity duty due to application of incorrect rates
1050	3	Power (Chief Electrical Inspector)	52	78	Electricity duty not charged after expiry of exemption period

1051	4	Power (Chief Electrical Inspector)	70	85	Analysis of arrears of revenue
<b>Printing and Stationery</b>					
1052	1	Printing and Stationery (Transferred from Finance(Lotteries) Department)	53	3	Printing of lottery tickets
1053	2	Printing and Stationery	58	82	Excess issue of paper to private printers
1054	3	Printing and Stationery	60	90A	Overpayment to private printer
<b>Public Health Engineering</b>					
1055	1	Public Health Engineering	61	12	Shortage of material
1056	2	Public Health Engineering	64	3	Non-recovery of loans and non-contribution of share by MCs
1057	3	Public Health Engineering	64	4	Recoverable amount from HUDA
1058	4	Public Health Engineering	64	6	Yamuna Action Plan
1059	5	Public Health Engineering	71	18	Blocking of funds on purchase of stores in excess of requirement
1060	6	Public Health Engineering	71	85	Non-recovery of water charges
1061	7	Public Health Engineering	75	1	Expenditure in excess of estimates
1062	8	Public Health Engineering	75	3	Irregular splitting of works
1063	9	Public Health Engineering	77	4	Irregular splitting of works
1064	10	Public Health Engineering	77	11	Blockade of funds on unutilized pipes
1065	11	Public Health Engineering	80	22	Non-completion of the projects within stipulated period
1066	12	Public Health Engineering	80	23	Irregular enhancement of scope of works
1067	13	Public Health Engineering	82	37	Unfruitful expenditure on incomplete work.
1068	14	Public Health Engineering	82	38	Misappropriations, losses, defalcations, etc. (S.F.)
1069	15	Public Health Engineering	83	12	Wasteful expenditure on non-functional water works
1070	16	Public Health Engineering	83	13	Misappropriations, losses, thefts, etc
1071	17	Public Health Engineering	89	32	Embezzlement of Rs 2.76 crore
1072	18	Public Health Engineering	89	33	Irregularities noticed in PHED Divisions due to deviations from prescribed accounting procedure
1073	19	Public Health Engineering	89	34	Procurement of pipes and booking the expenditure to works without commencement of works
1074	20	Public Health Engineering	89	35	Online Inventory Management System (IMS):
1075	21	Public Health Engineering	89	36	Non-provisioning of age-wise inventory reports
1076	22	Public Health Engineering	89	37	Variation in quantity of manual Bin Card vis-à-vis online IMS

1077	23	Public Health Engineering	89	38	Other Irregularities in stock management/Improper method of Physical Verification (PV) and non-preparation of PV Reports
1078	24	Public Health Engineering	89	39	Delay in disposal of unserviceable stock articles-Rs. 60.78 lakh
1079	25	Public Health Engineering	89	40	Irregular and excess payment to the contractor for work not done
<b>Public Works Department (Building &amp; Roads)</b>					
1080	1	Public Works Department (Building & Roads)	38	61	Arrears of rent
1081	2	Public Works Department (Building & Roads)	50	49	Execution of works without technical sanction of cost estimates
1082	3	Public Works Department (Building & Roads)	50	57	Reimbursement claims
1083	4	Public Works Department (Building & Roads)	50	61	Release of advances not covered by agreement
1084	5	Public Works Department (Building & Roads)	50	63	Excess payment of price increase on diesel
1085	6	Public Works Department (Building & Roads)	54	22	Avoidable payment of interest
1086	7	Public Works Department (Building & Roads)	68	39	Irregular expenditure on operation of excess ex-cadre posts
1087	8	Public Works Department (Building & Roads)	72	39	Undue financial aid to contractor
1088	9	Public Works Department (Building & Roads)	73	39	Non-mutation of land acquired
1089	10	Public Works Department (Building & Roads)	75	68	Incomplete works
1090	11	Public Works Department (Building & Roads)	75	69	Miscellaneous Public Works Advances
1091	12	Public Works Department (Building & Roads)	79	46	Maintenance of Roads
1092	13	Public Works Department (Building & Roads)	79	47	Contract management - Non-recovery of liquidated damages
1093	14	Public Works Department (Building & Roads)	79	49	Unfruitful expenditure on incomplete work
1094	15	Public Works Department (Building & Roads)	82	39	Unfruitful expenditure on widening and strengthening of link road.
1095	16	Public Works Department (Building & Roads)	89	41	Infructuous expenditure on incomplete abandoned works and recoverable amount from the agency

1096	17	Public Works Department (Building & Roads)	89	42	Allotment of works to ineligible agency and non-recovery of Rs. 2.15 crore due to less assessment of value of contract for levying Liquidated Damages and penalty for left over work
<b>Renewable Energy</b>					
1097	1	Renewable Energy	38	16	Evaluation and monitoring.
1098	2	Renewable Energy	74	60	Implementation of Solar Street Lighting Systems Programme
<b>Revenue and Disaster Management</b>					
1099	1	Revenue and Disaster Management	26	10	Gratuitous relief for crops/houses damaged
1100	2	Revenue and Disaster Management	29	62	Results of Audit
1101	3	Revenue and Disaster Management	34	29	Land reforms
1102	4	Revenue and Disaster Management	34	30	Compensation to landowner
1103	5	Revenue and Disaster Management	34	31	Consolidation of holdings
1104	6	Revenue and Disaster Management	34	84	Under valuation of immovable property
1105	7	Revenue and Disaster Management	40	80	Results of Audit
1106	8	Revenue and Disaster Management	40	81	Under valuation of immovable property
1107	9	Revenue and Disaster Management	40	82	Misclassifications of instruments
1108	10	Revenue and Disaster Management	40	83	Irregular grant of exemption
1109	11	Revenue and Disaster Management	40	89	Embezzlement of Government revenue
1110	12	Revenue and Disaster Management	42	103	Results of Audit
1111	13	Revenue and Disaster Management	42	104	Irregular exemption of stamp duty
1112	14	Revenue and Disaster Management	44	46	Mewat Development Board
1113	15	Revenue and Disaster Management	44	66	Uncollected Revenue (Land Revenue)
1114	16	Revenue and Disaster Management	44	68	Short levy of Stamp duty
1115	17	Revenue and Disaster Management	44	70	Evasion of Stamp duty and registration fee through power of attorney
1116	18	Revenue and Disaster Management	44	72	Misclassification of instruments
1117	19	Revenue and Disaster Management	44	73	Uncollected Revenue
1118	20	Revenue and Disaster Management	44	76	Results of Audit

1119	21	Revenue and Disaster Management	50	95	Internal Audit
1120	22	Revenue and Disaster Management	50	100	Short levy of stamp duty
1121	23	Revenue and Disaster Management	50	105	Outstanding audit objections in Internal Audit
1122	24	Revenue and Disaster Management	50	107	Short recovery of stamp duty on mortgage deed
1123	25	Revenue and Disaster Management	50	108	Evasion of stamp and registration fees through power of attorney
1124	26	Revenue and Disaster Management	50	137	Arrears in revenue
1125	27	Revenue and Disaster Management	52	69	Results of Audit
1126	28	Revenue and Disaster Management	52	71	Evasion of Stamp Duty due to under valuation of immovable property
1127	29	Revenue and Disaster Management	54	17	Inadmissible payment of cash compensation to manufacturing units/industry owners
1128	30	Revenue and Disaster Management	54	18	Fictitious payment of gratuitous relief
1129	31	Revenue and Disaster Management	54	19	Drawal of funds without requirement
1130	32	Revenue and Disaster Management	54	49	Arrear in revenue
1131	33	Revenue and Disaster Management	54	50	Results of Audit
1132	34	Revenue and Disaster Management	54	51	Results of Audit
1133	35	Revenue and Disaster Management	54	52	Non/Short recovery of Stamp duty
1134	36	Revenue and Disaster Management	54	53	Incorrect exemption of Stamp duty
1135	37	Revenue and Disaster Management	54	54	Evasion of stamp duty due to undervaluation of immovable property
1136	38	Revenue and Disaster Management	54	57	Evasion of stamp duty and registration fees through power of attorney
1137	39	Revenue and Disaster Management	54	59	Results of Audit
1138	40	Revenue and Disaster Management	54	60	Internal Controls in Land Revenue Department for recovery of dues treated as arrears of land revenue
1139	41	Revenue and Disaster Management	54	61	Procedure for receipt and disposal of revenue recovery cases
1140	42	Revenue and Disaster Management	54	62	Return of RRCs
1141	43	Revenue and Disaster Management	56	21	Loss of interest due to delayed refund of unspent amount
1142	44	Revenue and Disaster Management	56	22	Excess payment of Gratuitous Relief
1143	45	Revenue and Disaster Management	58	29	Results of Audit

1144	46	Revenue and Disaster Management	58	30	Stamp Duty and Registration Fees
1145	47	Revenue and Disaster Management	58	116	Results of Audit
1146	48	Revenue and Disaster Management	58	117	Short levy of stamp duty on exchange of property
1147	49	Revenue and Disaster Management	58	119	Evasion of stamp duty
1148	50	Revenue and Disaster Management	60	24	Fraudulent drawals and embezzlement of Government money
1149	51	Revenue and Disaster Management	60	25	Drawal of funds in advance of requirement
1150	52	Revenue and Disaster Management	60	114	Results of Audit
1151	53	Revenue and Disaster Management	60	115	Outstanding inspection s and audit observations
1152	54	Revenue and Disaster Management	60	117	Short levy of stamp duty on exchange of property
1153	55	Revenue and Disaster Management	60	119	Short levy of stamp duty on lease deed
1154	56	Revenue and Disaster Management	60	120	Embezzlement/evasion of stamp duty
1155	57	Revenue and Disaster Management	62	36	Results of Audit
1156	58	Revenue and Disaster Management	62	38	Evasion of stamp duty due to under valuation of immovable property
1157	59	Revenue and Disaster Management	62	39	Non-levy of stamp duty on exchange of property
1158	60	Revenue and Disaster Management	62	41	Short levy of stamp duty
1159	61	Revenue and Disaster Management	62	42	Inadmissible exemption of stamp duty
1160	62	Revenue and Disaster Management	63	17	Results of Audit
1161	63	Revenue and Disaster Management	63	18	Evasion of stamp duty due to under valuation of immovable property
1162	64	Revenue and Disaster Management	63	19	Short levy of stamp duty on exchange of property
1163	65	Revenue and Disaster Management	63	20	Evasion of stamp duty on release deeds
1164	66	Revenue and Disaster Management	63	66	Policy for recovery of beneficiaries share not formulated
1165	67	Revenue and Disaster Management	64	7	Organizational set up
1166	68	Revenue and Disaster Management	64	43	Results of Audit
1167	69	Revenue and Disaster Management	64	45	Sales and utilization of non judicial stamps
1168	70	Revenue and Disaster Management	64	46	Defects noticed in Sub-Registrar Offices



1169	71	Revenue and Disaster Management	64	47	Indents for supply of non-judicial stamps
1170	72	Revenue and Disaster Management	64	48	Short receipt of stamps
1171	73	Revenue and Disaster Management	64	49	Non-disposal of obsolete/damaged stamps
1172	74	Revenue and Disaster Management	64	50	Evasion of stamp duty due to misclassification of sale deeds into release deeds
1173	75	Revenue and Disaster Management	64	51	Failure to cross verify the transactions
1174	76	Revenue and Disaster Management	64	52	Short levy of stamp duty
1175	77	Revenue and Disaster Management	64	53	Under valuation of immovable properties
1176	78	Revenue and Disaster Management	64	54	Short levy of stamp duty due to incorrect application of rates
1177	79	Revenue and Disaster Management	64	56	Incorrect grant of exemption
1178	80	Revenue and Disaster Management	64	57	Incorrect grant of exemption
1179	81	Revenue and Disaster Management	64	58	Misclassification of instruments
1180	82	Revenue and Disaster Management	64	59	Short levy of stamp duty on lease deeds
1181	83	Revenue and Disaster Management	64	60	Short levy of stamp duty
1182	84	Revenue and Disaster Management	64	61	Non/short levy of registration fee
1183	85	Revenue and Disaster Management	64	62	Results of Audit
1184	86	Revenue and Disaster Management	64	63	Failure of senior officials to enforce accountability and protect interest of Government
1185	87	Revenue and Disaster Management	65	44	Short levy of stamp duty and registration fee
1186	88	Revenue and Disaster Management	65	45	Non realization of stamp duty
1187	89	Revenue and Disaster Management	65	47	Short levy of stamp duty due to incorrect application of rate of tax
1188	90	Revenue and Disaster Management	67	82	Results of Audit
1189	91	Revenue and Disaster Management	67	83	Short levy of stamp duty due to misclassification of deeds
1190	92	Revenue and Disaster Management	67	84	Irregular exemption of stamp duty & registration fee on mortgage deeds executed & registered by the Agricultureists
1191	93	Revenue and Disaster Management	67	85	Miscellaneous irregularities, i.e. the detail of stamp papers issued by Treasury Office was not mentioned on the office copies of the instruments registered

1192	94	Revenue and Disaster Management	67	88	Misclassification of documents
1193	95	Revenue and Disaster Management	67	89	Short levy of stamp duty due to under valuation of properties
1194	96	Revenue and Disaster Management	67	90	Short levy of stamp duty due to under valuation of properties
1195	97	Revenue and Disaster Management	67	91	Unauthorized retention of receipts
1196	98	Revenue and Disaster Management	68	41	Misappropriation, losses, defalcation, etc.
1197	99	Revenue and Disaster Management	68	86	Results of Audit
1198	100	Revenue and Disaster Management	68	87	Short levy of stamp duty due to application of incorrect rates of immovable property
1199	101	Revenue and Disaster Management	68	142	Absence of mechanism to detect availing of irregular exemption by not presenting documents for registration
1200	102	Revenue and Disaster Management	68	143	Contracts for catching fish from public ponds
1201	103	Revenue and Disaster Management	68	144	Incorrect grant of exemption on instrument of SEZ/real estate developer
1202	104	Revenue and Disaster Management	68	145	Exemption of SD on collusive decrees
1203	105	Revenue and Disaster Management	68	146	Remission of SD on instruments of compensation awards
1204	106	Revenue and Disaster Management	68	147	Incorrect grant of remission of SD
1205	107	Revenue and Disaster Management	68	149	Delay in implementation of enhanced rates
1206	108	Revenue and Disaster Management	68	150	Evasion of stamp duty due to undervaluation of immovable property
1207	109	Revenue and Disaster Management	68	151	Loss of stamp duty due to misclassification of documents
1208	110	Revenue and Disaster Management	68	152	Short levy duty due to application of incorrect rates of immovable property
1209	111	Revenue and Disaster Management	68	153	General controls
1210	112	Revenue and Disaster Management	68	154	Audit findings/General controls
1211	113	Revenue and Disaster Management	68	155	Inadequacy of input controls & validation checks
1212	114	Revenue and Disaster Management	68	156	Disputed lands and properties
1213	115	Revenue and Disaster Management	68	157	Non-allotment of unique ID number to land owner/cultivator
1214	116	Revenue and Disaster Management	68	158	Absence of provision in HARIS to capture serial number of stamp papers
1215	117	Revenue and Disaster Management	68	159	Other points of interest
1216	118	Revenue and Disaster Management	70	28	Non-refund of un-utilized balance of CRF

1217	119	Revenue and Disaster Management	70	29	Payment of gratuitous relief on contradictorys
1218	120	Revenue and Disaster Management	70	30	Fraud in distribution and double payment of CRF
1219	121	Revenue and Disaster Management	70	59	Result of audit
1220	122	Revenue and Disaster Management	70	60	Evasion of stamp duty due to undervaluation of immovable property
1221	123	Revenue and Disaster Management	70	61	Evasion of stamp duty due to misclassification of documents
1222	124	Revenue and Disaster Management	70	62	Short levy of stamp duty due to application of incorrect rates of immovable property
1223	125	Revenue and Disaster Management	70	63	Exemption of stamp duty on collusive decrees
1224	126	Revenue and Disaster Management	71	58	Absence of mechanism to detect evasion of stamp duty by not presenting documents for registration
1225	127	Revenue and Disaster Management	71	59	Contracts for collection of toll by private entrepreneurs
1226	128	Revenue and Disaster Management	71	60	Sale of industrial units through public auction by Haryana Financial Corporation (HFC)
1227	129	Revenue and Disaster Management	71	61	Failure to levy stamp duty on land sold with less than 1,000 square yards as residential property and the market value of immovable properties
1228	130	Revenue and Disaster Management	71	62	Failure to levy stamp duty on land sold with less than 1,000 square yards as residential property and the market value of immovable properties
1229	131	Revenue and Disaster Management	71	63	Absence of time limit for disposal of undervaluation cases referred to the Collector
1230	132	Revenue and Disaster Management	71	64	Short levy of stamp duty and registration feedue to misclassification of documents
1231	133	Revenue and Disaster Management	71	65	Delay in implementation of enhanced rates of registration fee
1232	134	Revenue and Disaster Management	71	66	Evasion of stamp duty due to undervaluation of immovable property
1233	135	Revenue and Disaster Management	71	67	Non-levy of stamp duty on collusive decrees 18
1234	136	Revenue and Disaster Management	72	110	Evasion of stamp duty due to misclassification of Documents
1235	137	Revenue and Disaster Management	72	111	Evasion of stamp duty due to undervaluation of immovable property
1236	138	Revenue and Disaster Management	72	112	Short levy of stamp duty due to application of incorrect rates of immovable property
1237	139	Revenue and Disaster Management	72	113	Suspected misappropriation of stamp duty
1238	140	Revenue and Disaster Management	72	114	Short levy of stamp duty on partition deed

1239	141	Revenue and Disaster Management	72	115	Irregular exemption of stamp duty
1240	142	Revenue and Disaster Management	73	67	Audit Findings
1241	143	Revenue and Disaster Management	73	68	Misappropriations, losses, defalcations, etc. (STATE FINANCES)
1242	144	Revenue and Disaster Management	73	137	Evasion of stamp duty due to undervaluation of immovable property
1243	145	Revenue and Disaster Management	73	138	Non-levy of stamp duty on plant and machinery
1244	146	Revenue and Disaster Management	73	139	Evasion of stamp duty due to misclassification of documents
1245	147	Revenue and Disaster Management	73	140	Short levy of stamp duty and registration fee due to misclassification of documents
1246	148	Revenue and Disaster Management	73	141	Short levy of stamp duty due to application of incorrect rates of immovable property
1247	149	Revenue and Disaster Management	73	142	Irregular exemption of stamp duty
1248	150	Revenue and Disaster Management	74	94	Results of audit
1249	151	Revenue and Disaster Management	74	95	Misclassification of sale deeds
1250	152	Revenue and Disaster Management	74	96	Critical fields left blank
1251	153	Revenue and Disaster Management	74	97	Measurement units
1252	154	Revenue and Disaster Management	74	98	Wrong input of construction year
1253	155	Revenue and Disaster Management	74	99	Incomplete data capturing
1254	156	Revenue and Disaster Management	74	100	Acceptance of junk data input
1255	157	Revenue and Disaster Management	74	101	Non-capturing of second property details
1256	158	Revenue and Disaster Management	74	102	Non-mapping of locations falling within/outside MC limits
1257	159	Revenue and Disaster Management	74	103	Non-digitisation of prime Khasra master
1258	160	Revenue and Disaster Management	74	104	Transactions by farmers and minus data in case of land purchased against compensation
1259	161	Revenue and Disaster Management	74	105	Transactions on Agricultural land within municipal Omits
1260	162	Revenue and Disaster Management	74	106	HUDA plots having preferential number 'P'
1261	163	Revenue and Disaster Management	74	107	Continued dependence on manual procedures
1262	164	Revenue and Disaster Management	74	108	Non recording of Khasra numbers in the Collector rate list

1263	165	Revenue and Disaster Management	74	109	Non-disposal/recovery of pending cases of under- valuation referred to the Collectors
1264	166	Revenue and Disaster Management	74	110	Short levy of stamp duty due to undervaluation of immovable property
1265	167	Revenue and Disaster Management	74	111	Improper maintenance of record
1266	168	Revenue and Disaster Management	74	112	Short levy of stamp duty due to misclassification of sale deeds into collaboration agreement
1267	169	Revenue and Disaster Management	74	113	Evasion of stamp duty due to undervaluation of immovable property
1268	170	Revenue and Disaster Management	74	114	Short levy of stamp duty due to application of incorrect rates of immovable property
1269	171	Revenue and Disaster Management	74	115	Undue benefit through reduction in stamp duty
1270	172	Revenue and Disaster Management	74	116	Exemption of stamp duty on collusive decrees
1271	173	Revenue and Disaster Management	75	70	Delay in release of annuity payment to the beneficiaries
1272	174	Revenue and Disaster Management	75	98	Short levy of stamp duty due to misclassification of sale deeds into collaboration agreement
1273	175	Revenue and Disaster Management	75	99	Absence of time limit for disposal of cases of undervaluation referred to the Collector under Section 47-A of IS Act
1274	176	Revenue and Disaster Management	75	100	Short levy of stamp duty due to application of incorrect rates of immoveable property
1275	177	Revenue and Disaster Management	75	101	Short levy of stamp duty due to undervaluation of immoveable property
1276	178	Revenue and Disaster Management	75	102	Evasion of stamp duty due to misclassification of documents
1277	179	Revenue and Disaster Management	75	103	Evasion of stamp duty due to undervaluation of immoveable property
1278	180	Revenue and Disaster Management	75	104	Undue benefit through reduction in Stamp Duty
1279	181	Revenue and Disaster Management	75	105	Position of arrears
1280	182	Revenue and Disaster Management	75	106	Non/delayed accountal of Revenue Recovery Certificates (RRCs)
1281	183	Revenue and Disaster Management	75	107	Non-follow up/delayed action
1282	184	Revenue and Disaster Management	75	108	Failure to follow up the RRCs sent to other Collectors
1283	185	Revenue and Disaster Management	78	39	Results of audit:
1284	186	Revenue and Disaster Management	78	40	Short realization of stamp duty due to misclassification of documents
1285	187	Revenue and Disaster Management	78	41	Short levy of stamp duty due to application of incorrect rates of immoveable properties

1286	188	Revenue and Disaster Management	78	42	Short levy of stamp duty due to application of non prime rates on land containing prime khasras
1287	189	Revenue and Disaster Management	78	43	Short realization of stamp duty due to registration of documents on the basis of old agreement
1288	190	Revenue and Disaster Management	78	44	Evasion of stamp duty due to undervaluation of immovable property
1289	191	Revenue and Disaster Management	78	45	Irregular exemption of stamp duty
1290	192	Revenue and Disaster Management	78	46	Undue benefit through reduction in stamp duty
1291	193	Revenue and Disaster Management	80	26	Extra burden of interest due to parking of funds outside the Government Account violating government instructions
1292	194	Revenue and Disaster Management	81	25	Payment of inadmissible compensation for damaged crops
1293	195	Revenue and Disaster Management	82	24	Suspected embezzlement
1294	196	Revenue and Disaster Management	82	98	Result of audit
1295	197	Revenue and Disaster Management	82	99	sub-para of 4.2 Short levy of stamp duty due to under-valuation of immovable property
1296	198	Revenue and Disaster Management	82	100	sub-para of 4.2 Short levy of stamp duty due to under-valuation of immovable property
1297	199	Revenue and Disaster Management	82	101	Short lev of stamp duty in 14 deeds amounting to Rs. 2.46 crore in 6 SRs due to misclassification of collaboration agreement.
1298	200	Revenue and Disaster Management	82	102	Short levy of stamp duty due to application of non prime rates on land containing prime khasras
1299	201	Revenue and Disaster Management	82	103	Misclassification of 'conveyance on sale' as release deeds
1300	202	Revenue and Disaster Management	82	104	Irregular remission of stamp duty
1301	203	Revenue and Disaster Management	82	105	Incorrect grant of exemption
1302	204	Revenue and Disaster Management	82	106	Short realisation of stamp duty due to application of incorrect rates
1303	205	Revenue and Disaster Management	82	107	Irregular exemption of stamp duty
1304	206	Revenue and Disaster Management	82	108	Short levy of stamp duty on lease deeds
1305	207	Revenue and Disaster Management	84	24	Result of Audit
1306	208	Revenue and Disaster Management	84	25	Short levy of stamp duty and registration fees due to underevaluation of residential commercial properties as agriculture properties,.

1307	209	Revenue and Disaster Management	84	26	Short levy of stamp duty and registration fees due to application of incorrect rates of immovable property.
1308	210	Revenue and Disaster Management	84	27	Short levy of stamp duty due to misclassification of sale deeds as collaboration agreement.
1309	211	Revenue and Disaster Management	84	28	Short levy of stamp duty on lease deeds.
1310	212	Revenue and Disaster Management	84	29	Short levy of stamp duty due to under-valuation of immovable property.
1311	213	Revenue and Disaster Management	84	30	Irregular exemption of stamp duty.
1312	214	Revenue and Disaster Management	84	31	Misclassification of 'Conveyance on sale' as release deeds.
1313	215	Revenue and Disaster Management	84	32	Irregular remission of stamp duty.
1314	216	Revenue and Disaster Management	84	33	Short levy of stamp duty due to application of nonprime rates on land containing prime khasra.
1315	217	Revenue and Disaster Management	85	33	Result of audit:
1316	218	Revenue and Disaster Management	85	34	Non/short levy of stamp duty and registration fees:
1317	219	Revenue and Disaster Management	85	35	Loss of stamp duty and registration fees due to non registration of lease agreement:
1318	220	Revenue and Disaster Management	85	36	Short levy of stamp duty due to misclassification of sale deeds as collaboration agreements:
1319	221	Revenue and Disaster Management	85	37	Short levy of stamp duty due to incorrect classification of residential/ commercial properties as agricultural land:
1320	222	Revenue and Disaster Management	85	38	Misclassification of Sale deeds as release deeds resulting in short levy of stamp duty:
1321	223	Revenue and Disaster Management	85	39	Irregular remission of stamp duty :
1322	224	Revenue and Disaster Management	85	40	Short levy of stamp duty due to application of normal rates on prime khasra land:
1323	225	Revenue and Disaster Management	85	41	Irregular exemption of stamp duty:
1324	226	Revenue and Disaster Management	85	42	Short levy of stamp duty due to under-valuation of immovable property:
1325	227	Revenue and Disaster Management	86	18	Result of audit
1326	228	Revenue and Disaster Management	86	19	Non mapping of Business Rules

1327	229	Revenue and Disaster Management	86	20	System design Deficiency
1328	230	Revenue and Disaster Management	86	21	Inadequate application controls/ E-registration module
1329	231	Revenue and Disaster Management	86	22	Non validation of stamp duty realized
1330	232	Revenue and Disaster Management	86	23	Delay in sanction of Mutation
1331	233	Revenue and Disaster Management	86	24	Non Completion of work related to modernization/Computerizations of land records under National Land Records Modernizations Programme
1332	234	Revenue and Disaster Management	86	25	Non existence of disaster recovery plans
1333	235	Revenue and Disaster Management	86	26	Lack of Audit module in the system
1334	236	Revenue and Disaster Management	86	27	other compliance issue
1335	237	Revenue and Disaster Management	87	15	Result of audit
1336	238	Revenue and Disaster Management	87	16	Short levy of stamp duty to misclassification of sale deeds as collaboration agreements
1337	239	Revenue and Disaster Management	87	17	Irregular exemption of Stamp Duty to autonomous bodies:
1338	240	Revenue and Disaster Management	87	18	Irregular exemption of Stamp Duty farmers:
1339	241	Revenue and Disaster Management	87	19	Short levy of Stamp duty due to application of incorrect rates of immovable property.
1340	242	Revenue and Disaster Management	87	20	Short levy of stamp duty due to application of normal rates on prime khasra land.
<b>Rural Development</b>					
1341	1	Rural Development	44	36	Integrated Rural Development Programme
1342	2	Rural Development	50	78	Non-recovery/non-adjustment of advances to Ex-Sarpanches
1343	3	Rural Development	50	79	Non-recovery of misutilised subsidy
1344	4	Rural Development	61	16	Other irregularities
1345	5	Rural Development	65	17	Misappropriation of wheat under Samporna Grameen Rozgar Yojana
1346	6	Rural Development	65	18	Advances from former Sarpanches not recovered/adjusted
1347	7	Rural Development	70	13	Financial performance
1348	8	Rural Development	70	14	Programme management
1349	9	Rural Development	70	15	Abnormal delay in completion of projects
1350	10	Rural Development	70	17	Execution of works
1351	11	Rural Development	70	18	Other topics of interest
1352	12	Rural Development	70	19	Maintenance of record
1353	13	Rural Development	73	53	Execution of forest works



1354	14	Rural Development (Transferred from Social Justice and Empowerment)	80	42	Delay in furnishing utilization certificates
1355	15	Rural Development	81	48	Delay in furnishing utilization certificates:
1356	16	Rural Development	82	65	Delay in furnishing utilisation certificates (S.F.)
1357	17	Rural Development (Transferred from Social Justice and Empowerment)	82	67	Delay in furnishing utilisation certificates (S.F)
1358	18	Rural Development	83	22	Delay in submission of Utilisation Certificates
1359	19	Rural Development	89	62	Delay in submission of Utilisation Certificates
<b>Social Justice and Empowerment</b>					
1360	1	Social Welfare	44	23	Payment of pension to ineligible persons
1361	2	Social Welfare	52	60	Embezzlement of Rs.3.99 lakh
1362	3	Social Welfare	60	26	Fraudulent payment of Old Age Pension
1363	4	Social justice & empowerment	73	69	Disbursement of old age summan allowances to ineligible persons
1364	5	Social justice & empowerment	79	59	Misappropriations, losses, defalcations, etc
1365	6	Social justice & empowerment	80	43	Misappropriations, losses, defalcations, etc.
1366	7	Social justice & empowerment	81	45	Misappropriations, losses, defalcations, etc:
1367	8	Social justice & empowerment	82	68	Misappropriation, losses, defalcation, etc.
1368	9	Social justice & empowerment	83	16	Delay in submission of Utilisation Certificates
1369	10	Social justice & empowerment	83	17	Misappropriations, losses, thefts, etc
1370	11	Social justice & empowerment	89	60	Delay in submission of Utilisation Certificates
1371	12	Social justice & empowerment	89	61	Misappropriations, losses, thefts, etc
1372	13	Social justice & empowerment	89	68	Non-preparation of documentation for IT system
1373	14	Social justice & empowerment	89	69	Delay in disbursement of pension benefits
1374	15	Social justice & empowerment	89	70	Delay in passing intended benefits due to late enrolment of beneficiaries
1375	16	Social justice & empowerment	89	71	Transfer of Pension to the dead beneficiaries' accounts/
1376	17	Social justice & empowerment	89	72	Payment to beneficiaries enrolled after their death
1377	18	Social justice & empowerment	89	73	Transfer of Social Security Pension to the dead beneficiaries treated as normal pension account
1378	19	Social justice & empowerment	89	74	Pension disbursed to multiple beneficiaries on same Aadhaar Number
1379	20	Social justice & empowerment	89	75	Undue benefit by providing benefits simultaneously under two schemes
1380	21	Social justice & empowerment	89	76	Transfer of beneficiaries Pension to other persons' bank accounts under social security schemes
1381	22	Social justice & empowerment	89	77	Payment to ineligible beneficiaries

1382	23	Social justice & empowerment	89	78	Disbursement of social security pension to retired Government employees and Family pensioner
1383	24	Social justice & empowerment	89	79	Disbursement of social security pension to untraceable beneficiaries
1384	25	Social justice & empowerment	89	80	Incorrect age in legacy data
1385	26	Social justice & empowerment	89	81	Gaps in beneficiary ID sequence in master database
1386	27	Social justice & empowerment	89	82	Absence of IT Security Policy
1387	28	Social justice & empowerment	89	83	No business continuity planning and disaster recovery planning
1388	29	Social justice & empowerment	89	84	Missing audit trails in IT system
1389	30	Social justice & empowerment	89	85	Approval of beneficiaries in bulk in a single day
1390	31	Social justice & empowerment	89	86	Irregular payment of commission to banks and post office
1391	32	Social justice & empowerment	89	87	Non-updating of Savings data on State DBT Portal
1392	33	Social justice & empowerment	89	88	Non-conducting of Social Audit of Schemes under NSAP
<b>Sports and Youth Affairs</b>					
1393	1	Sports and Youth Affairs	77	59	Irregular payment and Non-recovery from the students
1394	2	Sports and Youth Affairs	82	69	Delay in furnishing utilisation certificates (S.F)
1395	3	Sports and Youth Affairs	83	4	Parking of government funds
1396	4	Sports and Youth Affairs	83	5	Delay in submission of Utilisation Certificates
1397	5	Sports and Youth Affairs	89	52	Irregular payment of cash award to ineligible sportspersons Rs. 41.30 crore
1398	6	Sports and Youth Affairs	89	53	Delay in submission of Utilisation Certificates
<b>Technical Education</b>					
1399	1	Technical Education	73	80	Special coaching for competition/placement for SC Students
1400	2	Technical Education	73	85	Financial Irregularities
1401	3	Technical Education	83	28	Delay in submission of Utilisation Certificates
1402	3	Technical Education	89	57	Delay in submission of Utilisation Certificates
<b>Town &amp; Country Planning</b>					
1403	1	Town and Country Planning	44	41	Functioning of State Planning Cell
1404	2	Town and Country Planning	44	43	Avoidable payment of interest
1405	3	Town and Country Planning	50	24	Construction of Building and Roads by HUDA
1406	4	Town & Country Planning	50	25	Construction of Building
1407	5	Town and Country Planning	50	29	Avoidable payment of interest
1408	6	Town and Country Planning	50	81	Non-recovery of auction money
1409	7	Town and Country Planning	52	53	Non-recovery of rent from the lessees due to non-observance of conditions of lease deed

1410	8	Town and Country Planning	54	34	Non-utilization of land
1411	9	Town and Country Planning	54	35	Loss due to non-recovery of rebate
1412	10	Town and Country Planning	58	93	Non-recovery of enhanced compensation of land
1413	11	Town and Country Planning	60	27	Non-collection of External Development Charges (EDCs)
1414	12	Town and Country Planning	60	29	Less recovery of plan scrutiny fee
1415	13	Town and Country Planning	60	30	Avoidable loss due to delay in handing over possession of plots
1416	14	Town and Country Planning	61	26	Non recovery of external development charges
1417	15	Town and Country Planning	62	70	Exemption of Sales Tax
1418	16	Town and Country Planning	65	3	Outstanding recovery of Planning water sewerage charges
1419	17	Town and Country Planning	65	6	Avoidable payments of Planning interest due to delay making payment of enhanced Acquisition to land owners
1420	18	Town and Country Planning	65	10	Land under unauthorized Planning possession
1421	19	Town and Country Planning	67	25	Estate Officer, HUDA Faridabad
1422	20	Town and Country Planning	68	33	Due to slackness on the part of EO's HUDA, Faridabad, Gurgaon and Panchkula in revision of rent after every three years and non-charging of rent for additional filling points of petrol pumps installed subsequently, HUDA was deprived of the revenue of Rs.1.49 Crore (2003-Civil)
1423	21	Town and Country Planning	68	34	Extra expenditure on account of delayed payment of land, compensation and interest thereon
1424	22	Town and Country Planning	68	35	Unfruitful expenditure on incomplete work
1425	23	Town and Country Planning	71	76	Results of audit
1426	24	Town and Country Planning	71	77	Non recovery / realization of licence fee
1427	25	Town and Country Planning	71	78	Non recovery / realization of licence fee
1428	26	Town and Country Planning	73	25	Recovery of external development charges
1429	27	Town and Country Planning	73	26	Delays in payment of Annuity to landowners
1430	28	Town and Country Planning	73	27	Non-maintenance of records
1431	29	Town and Country Planning	73	28	Payments made without updating the revenue records
1432	30	Town and Country Planning	73	30	Deduction of Income Tax at source
1433	31	Town and Country Planning	73	32	Audit Findings
1434	32	Town and Country Planning	73	33	Non-recovery of lease rent from petrol pumps
1435	33	Town and Country Planning	73	35	Grant of licenses to private colonizers
1436	34	Town and Country Planning	74	22	Planning not done in consonance with the Regional Plan of NCRPB

1437	35	Town and Country Planning	74	23	Extra payment of interest due to delay in referring the cases to Courts
1438	36	Town and Country Planning	74	24	Infructuous expenditure on development of auto market
1439	37	Town and Country Planning	74	25	Non development of acquired land
1440	38	Town and Country Planning	74	26	Abnormal rates allowed to a contractor
1441	39	Town and Country Planning	74	27	Execution of works not in the ambit of HUDA
1442	40	Town and Country Planning	74	28	Sewer and storm water drainage works
1443	41	Town and Country Planning	74	29	Water supply works in Gurgaon
1444	42	Town and Country Planning	74	30	Development of roads
1445	43	Town and Country Planning	74	31	Non-development of land for commercial complexes
1446	44	Town and Country Planning	74	33	Irregularities in allotment of plots under reserve categories
1447	45	Town and Country Planning	74	34	Issues related to private colonizers
1448	46	Town and Country Planning	74	35	Inadequate control over colonizers
1449	47	Town and Country Planning	74	36	Non-completion of low cost/affordable housing colonies
1450	48	Town and Country Planning	74	37	Non-renewal of licences
1451	49	Town and Country Planning	74	38	Non-approval of building plans
1452	50	Town and Country Planning	74	39	Time schedule for completion of projects as a whole
1453	51	Town and Country Planning	74	40	Non-submission of accounts statements
1454	52	Town and Country Planning	74	41	Non-recovery of EDC/IDC
1455	53	Town and Country Planning	74	42	Non-recovery of lease money and other charges
1456	54	Town and Country Planning	75	71	Construction of Buildings and their utilization
1457	55	Town and Country Planning	75	72	Status of utilisation of land acquired by HUDA
1458	56	Town and Country Planning(HUDA)	79	53	Non-recovery of unearned increase in value of land and annual ground rent
1459	57	Town and Country Planning	80	27	Failure to recover Government dues from a defaulter developer
1460	58	Town and Country Planning	80	28	Purchase of pipes in excess of requirement
1461	59	Town and Country Planning (HSVP)	81	31	Grant of licences without assessing financial adequacy:
1462	60	Town and Country Planning (HSVP)	81	32	Non-initiation of action against defaulters:
1463	61	Town and Country Planning (HSVP)	81	33	Non-auction of originally un-allotted properties in developed sectors:
1464	62	Town and Country Planning (HSVP)	81	34	Non-reconciliation leading to non-detection of fraud:
1465	63	Town and Country Planning (HSVP)	81	35	Lack of perspective plan for time bound development of acquired land:

1466	64	Town and Country Planning (HSVP)	81	36	Non-recovery of external development charges:
1467	65	Town and Country Planning (HSVP)	81	37	Management of recovery of land enhanced compensation:
1468	66	Town and Country Planning (HSVP)	81	38	Continuance of business in resumed properties:
1469	67	Town and Country Planning (HSVP)	81	39	Outstanding recovery of water and sewerage charges:
1470	68	Town and Country Planning (HSVP)	81	40	Outstanding rent against leased property:
1471	69	Town and Country Planning (HSVP)	81	41	Irregularities in execution of Sports Complex Project:
1472	70	Town and Country Planning (HSVP)	81	42	Allotment of works to an ineligible contractor through enhancement:
1473	71	Town and Country Planning	82	40	Growth of unauthorised colonies
1474	72	Town and Country Planning	82	41	Licences granted in excess of permissible area
1475	73	Town and Country Planning	82	42	Delay in initiation of action for cancellation of licence.
1476	74	Town and Country Planning	82	43	Lack of action against defaulting developer
1477	75	Town and Country Planning	82	44	Part occupation certificate issued without recovering EDC
1478	76	Town and Country Planning	82	45	Non-development of colonies of cancelled licences
1479	77	Town and Country Planning	82	46	Short-transfer of Economically Weaker Sections plots/ flats
1480	78	Town and Country Planning	82	47	Non-recovery of External Development Charges/ Infrastructure Development Charges
1481	79	Town and Country Planning	82	48	Non-recovery of revised licence fee
1482	80	Town and Country Planning	82	49	Bank-guarantees not obtained from colonisers
1483	81	Town and Country Planning	82	50	Non-revalidation of bank guarantees
1484	82	Town and Country Planning	82	51	Non-recovery of demolition charges
1485	83	Town and Country Planning	82	52	Grant of CLU permissions in violation of rules and regulations
1486	84	Town and Country Planning	82	53	Violations of conditions of CLU permission
1487	85	Town and Country Planning	82	54	Non-recovery of External Development Charges
1488	86	Town and Country Planning	82	55	Grant of Occupation Certificate to incomplete building
1489	87	Town and Country Planning	82	56	Irregular utilisation of agriculture warehouse
1490	88	Town and Country Planning	82	57	Excess payment to contractor (HSVP)

1491	89	Town and Country Planning	82	58	Execution of works irregularly and without calling tenders (HSVP)
1492	90	Town and Country Planning	83	6	Loss due to non-recovery of lease money
1493	91	Town and Country Planning	83	7	Non-recovery of compensation from contractor
1494	92	Town and Country Planning	88	32	Non-recovery of differential amount of license fee at revised rates:
1495	93	Town and Country Planning	88	33	Non-revalidation of bank guarantees caused loss to the State Exchequer of Rs. 9.84 crore
<b>Transport</b>					
1496	1	Transport	48	20	Outstanding audit objections in internal audit
1497	2	Transport	58	34	Non deposit of token tax
1498	3	Transport	58	121	Taxes on Motor Vehicles
1499	4	Transport	58	123	Short realization of permit/countersignature fee
1500	5	Transport	58	125	Non-recovery of token tax in respect of Stage carriage buses
1501	6	Transport	60	129	Non/short charging of fitness fee (Passing fee)
1502	7	Transport	60	130	Non-realization of fees
1503	8	Transport	62	43	Non-realization of token tax
1504	9	Transport	63	25	Non deposit of token tax
1505	10	Transport	65	50	Non recovery of token tax in respect of stage carriage buses
1506	11	Transport	65	51	Short charging of driving licence fee
1507	12	Transport	65	52	Short realization of Registration fees
1508	13	Transport	65	54	Private Service Vehicles
1509	14	Transport	67	79	Non realization of token tax from private service vehicles
1510	15	Transport	67	80	Short realization of bid money on stage carriage permits
1511	16	Transport	68	80	Lack of control over monitoring of duplicate engine/chassis number
1512	17	Transport	68	81	Same registration numbers were allotted to two vehicles
1513	18	Transport	68	129	Non-charging of permit transfer fee
1514	19	Transport	68	130	Non-realisation of bid money on stage carriage permits
1515	20	Transport	68	131	Non/short recovery of token tax from stage carriage bus owners
1516	21	Transport	68	132	Short realization of conductor's licence fee
1517	22	Transport	70	69	Stage carriage buys owners

1518	23	Transport	70	70	Short realization of permit transfer fee
1519	24	Transport	70	71	Non-realization of additional fee for retention of choice registration
1520	25	Transport	71	72	Stage carriage bus owners
1521	26	Transport	71	74	Non-realisation of additional fee for retention of choice registration mark
1522	27	Transport	72	109	City bus owners
1523	28	Transport	73	143	Non/short realization of bid money on stage carriage permits
1524	29	Transport	74	63	Avoidable loss due to procurement of buses violating CMVR
1525	30	Transport	74	119	Non collection of Adda fees
1526	31	Transport	75	110	Non/short levy of penalty on over loading of vehicles
1527	32	Transport	75	111	Non/short recovery of token tax from private/goods vehicles
1528	33	Transport	75	112	Short deposit/loss of interest on delayed deposit of Government revenue and non-attestation/verification of of DCR/CTR register
1529	34	Transport	80	29	Undue favour to Agency
1530	35	Transport	81	43	Under utilization of buses
1531	36	Transport	82	59	Excess expenditure due to award of work at higher rates
1532	37	Transport	84	34	Results of Audit
1533	38	Transport	84	35	Non/Short realization of Goods Tax
1534	39	Transport	84	36	Non/Short realization of Token Tax
1535	40	Transport	85	43	Results of Audit:
1536	41	Transport	85	44	Non/short recovery of Token Tax:
1537	42	Transport	86	28	Non/short realization of Motor Vehicle tax and penalty
1538	43	Transport	86	29	Non recovery of penalty imposed on transport vehicles
1539	44	Transport	88	4	Planning:
1540	45	Transport	88	5	Diversion of funds:
1541	46	Transport	88	6	Fleet strength and age profile:
1542	47	Transport	88	7	Recovery of cost of operations
1543	48	Transport	88	8	Fuel efficiency and targets
1544	49	Transport	88	9	Missed kilometers
1545	50	Transport	88	10	Operation of Volvo Buses by Gurugram Depot
1546	51	Transport	88	11	Delay in lifting of buses

1547	52	Transport	88	12	Utilization and premature condemnation of semi low floor starbuses
1548	53	Transport	88	13	Non-inclusion of safety standards introduced by Gol
1549	54	Transport	88	14	Delay in preventive maintenance of buses resulting into major break down and complete overhauling of engines
1550	55	Transport	88	15	Loss of revenue due to detention of buses in workshop beyond reasonable time
1551	56	Transport	88	16	Manpower Cost and productivity
1552	57	Transport	88	17	Excess deployment of drivers and conductors
1553	58	Transport	88	18	Lease of shops and booths
1554	59	Transport	88	19	Traffic receipts on Inter State Routes
1555	60	Transport	88	20	Short realization of motor vehicle tax
1556	61	Transport	88	21	Non-realization of penalty
1557	62	Transport	88	22	Motor Vehicle Tax pertaining to intervening period
1558	63	Transport	88	23	Recovery of MVT from vehicles purchased from other States/ commercial vehicles converted into personal vehicles
1559	64	Transport	88	24	Impact of ex-showroom prices shown by the dealers of same variant vehicles
1560	65	Transport	88	25	Recovery of MVT at the time of registration of vehicle
1561	66	Transport	88	26	Recovery of trade fee
1562	67	Transport	88	27	Non-registration of vehicles within prescribed time and Non- fixation of High Security Registration Plates (HSRP):
1563	68	Transport	88	28	Renewal of fitness certificate of transport vehicles
1564	69	Transport	88	29	Non-recovery of license fees/penalty from Pollution Check Centres:
1565	70	Transport	88	30	Joint inspection of Pollution Check Centres:
1566	71	Transport	88	31	Irregularities in the Pollution Check Centre:
<b>Urban Local Bodies</b>					
1567	1	Urban Development	62	66	Non-collection of fire tax
1568	2	Urban Local Bodies	73	66	Audit Findings
1569	3	Urban Local Bodies	75	17	Non-recovery of Labour Cess
1570	4	Urban Local Bodies	75	19	Non-recovery of old outstanding taxes, fees etc
1571	5	Urban Local Bodies	75	20	Non-allotment of EWS houses constructed under JNNURM
1572	6	Urban Local Bodies	75	23	Payment made without execution of works
1573	7	Urban Local Bodies	75	25	Internal Control



1574	8	Urban Local Bodies	83	10	Excess payment to professional services providers
1575	9	Urban Local Bodies	83	11	Delay in submission of Utilisation Certificates
1576	10	Urban Local Bodies	88	34	illegal construction of a multi-story building in notified land and consequent illegal sale of commercial office spaces valuing Rs. 182.46 crore
1577	11	Urban Local Bodies	89	12	Non-drawal of Municipal levy in respect of Municipal Committee Kundli
1578	12	Urban Local Bodies	89	13	Limitations in Audit by Director Local Audit Department
1579	13	Urban Local Bodies	89	14	Non-adherence to prescribed norms/procedures resulting in irregular payments to contractors on account of development works
1580	14	Urban Local Bodies	89	15	Delay in submission of Utilisation Certificates
<b>Welfare of SC and BC</b>					
1581	1	Welfare of SC and BC (Transferred from Social Justice and Empowerment)	44	26	Liberation of scavengers
1582	2	Welfare of SC and BC	80	40	Suspected fraudulent payment of scholarships
1583	3	Welfare of SC and BC	82	1	Annual work plan and database of eligible beneficiaries not prepared.
1584	4	Welfare of SC and BC	82	2	Decline in number of SC beneficiaries
1585	5	Welfare of SC and BC	82	3	Non-payment of scholarship to SC students
1586	6	Welfare of SC and BC	82	4	Timelines for scholarship disbursement not prescribed
1587	7	Welfare of SC and BC	82	5	Budget allocation and expenditure
1588	8	Welfare of SC and BC	82	6	Irregularities in financial administration
1589	9	Welfare of SC and BC	82	7	Non-reconciliation of bank balances with response files
1590	10	Welfare of SC and BC	82	8	Irregularities in disbursement of scholarship
1591	11	Welfare of SC and BC	82	9	Payment of scholarship to students not registered with Universities
1592	12	Welfare of SC and BC	82	10	Disbursement of scholarship to students not registered with DMER
1593	13	Welfare of SC and BC	82	11	Payment of scholarship in excess of prescribed limit
1594	14	Welfare of SC and BC	82	12	Double payment of scholarship
1595	15	Welfare of SC and BC	82	13	Lack of scrutiny regarding income, caste, education qualification, etc
1596	16	Welfare of SC and BC	82	14	Suspected fraudulent payment to students studying outside the State
1597	17	Welfare of SC and BC	82	15	Scholarship paid for same stage of education
1598	18	Welfare of SC and BC	82	16	Doubtful payment of scholarship

1599	19	Welfare of SC and BC	82	17	Payment made to students who were not residents of Haryana
1600	20	Welfare of SC and BC	82	18	Excess payment of Scholarship
1601	21	Welfare of SC and BC	82	19	Payment to overage students
1602	22	Welfare of SC and BC	82	20	Monitoring and evaluation
1603	23	Welfare of SC and BC	82	21	Evaluation of the scheme
1604	24	Welfare of SC and BC	82	22	Recommendations
<b>Women and Child Development</b>					
1605	1	Women and Child Development (Transferred from Social Justice and Empowerment)	50	8	Panjiri Plants
1606	2	Women and Child Development	89	67	Misappropriations, losses, defalcations, etc: